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S. HRG. 103–101

TRANSIT NEEDS AND BENEFITS

Y 4. B 22/3: S. HRG. 103-101

Transit Needs and Benefits, S. Hrg....

RING

E THE

SUBCOMMITTEE ON
HOUSING AND URBAN AFFAIRS

OF THE

COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE

ONE HUNDRED THIRD CONGRESS

FIRST SESSION

ON

THE NEED FOR GREATER TRANSIT INVESTMENT TO MEET THE NATION'S TRANSPORTATION NEEDS, TRANSIT'S CONTRIBUTION TO THE ECONOMY, ENVIRONMENT, AND HOW TRANSIT MIGHT FIT INTO DEFENSE CONVERSION EFFORTS

MARCH 30, 1993

Printed for the use of the Committee on Banking, Housing, and Urban Affairs

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TRANSIT NEEDS AND BENEFITS

TUESDAY, MARCH 30, 1993

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS,
Washington, DC.

The subcommittee met at 10:05 a.m. in room SD–538 of the Dirksen Senate Office Building, Senator Paul S. Sarbanes (chairman of the subcommittee) presiding.

OPENING STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. If the witnesses could take their seats, I think we are ready to get started.

This hearing this morning is the first to be held by the subcommittee this year and it's the first hearing on transit since the passage in 1991 of the Intermodal Surface Transportation Efficiency Act, now known as ISTEA.

Today we are examining the need for greater transit investment to meet our Nation's transportation needs. We will also focus on transit contribution to the economy, the environment, and the livability of our communities with some special attention to how transit might fit into defense conversion efforts.

We have two distinguished panels this morning. I simply want to note before I turn to my colleagues for their statements and the first panel that during the past decade, Federal funding for transit declined from $4.6 billion in 1981 to $3.2 billion in 1991. This actually represents a real cut of over 50 percent in funding for transit.

While Federal assistance for transit has been shrinking, the need for transit service has been increasing. Many of our urban streets and highways are clogged with traffic gridlock. It is estimated that highway congestion costs $120 billion in lost productivity in 1989. More than half of our Nation's population lives in areas with polluted air, and with transportation as the principal source of that—predominant source of that pollution.

In rural areas, vulnerable groups are increasingly isolated with inadequate transit and continually declining intercity bus transportation. There are some rural areas of this country where, if people don't have an automobile, they really can't get anywhere. They are just completely locked into place.

Further, Congress has passed important new laws to make existing transit systems more accessible, more energy efficient, and less damaging to the environment. The Americans with Disabilities Act, the Clean Air Act, and the Energy Policy Act all have placed a variety of new responsibilities on the transit industry.

In passing ISTEA, Congress recognized these changing and growing needs. That landmark legislation reestablished the Federal commitment to transit with significantly increased authorization levels and much greater flexibility in the use of the transportation dollar. We have, however, not yet realized the full potential of ISTEA.

In the transit area, the first 2 years of appropriations fell well short of authorized levels. I am pleased by the administration's resolve to invest in transportation infrastructure to generate both short-term and long-term benefits. In fact, the President's stimulus package includes an additional $750 million for Federal transit programs.

Transit expansion, of course, means employment opportunities producing jobs both directly in the industry and indirectly by making jobs accessible to those without proper transportation.

Even with this addition in the stimulus package for transit, we still fall short of full ISTEA funding for 1993. So we remain concerned about the highway transit mix and are particularly concerned to ensure that transit remain an essential part of the funding mechanism at the Federal level.

I am hopeful that today's hearings will serve to illuminate the important role of transit in our future development.

Now, our first panel—let me just acknowledge the witnesses and then I will turn to Senator Bond and other members of the panel who may have an opening statement.

We are very pleased to have the mayor of Las Vegas, Jan Laverty Jones, who is the head, as I understand it, of the Transportation Committee of the U.S. Conference of Mayors; Lou Gambaccini, the chairman of APTA, and the general manager of SEPTA in the Philadelphia area; Frank Francois, an old friend, and the director of the American Association of State Highway Transportation Officials; and, David Marsh, who is president of the Community Transportation Association of America and director of the Capital Area Rural Transit Systems in Austin, TX. We are very pleased to have all of you with us today.

Before I turn to the panel, I yield to my colleague, Senator Bond, who is the ranking member of this subcommittee.

OPENING STATEMENT OF SENATOR CHRISTOPHER S. BOND

Senator BOND. Thank you very much, Mr. Chairman. I am delighted that you scheduled this hearing today, and I think I want to make it clear that we are talking about the illumination, not the elimination of these programs. On another matter, I am working with several of our colleagues on a measure which I think is also very important. It is family preservation. Some of our people started calling it family prevention, so we chose the name of that to ensure that we don't make that mistake.

Turning to this very important issue, we want to hear from our witnesses today on how our transportation systems are faring, particularly as the new highway and mass transit legislation, ISTEA, is implemented.

In addition, I trust that you will give us an idea on some of the things that the Chairman has already referred to, how other laws are affecting you, because I think it is important for us to look at

the total picture. While we are dealing primarily with the FTA, we also need to know how other laws that we have passed in our infinite wisdom may be affecting your activities.

I want to know particularly about some of the rural transit programs. If they are meeting the needs in the rural areas of America, if ISTEA has helped them, and how we can improve them more, because in my State I know full well, for many Missourians, the elderly, the handicapped, those on fixed income, mass transit is really their only link to the outside world, whether it is getting to health care for necessary supplies, or even social activities. They need assistance in getting around.

Rural areas where isolation is a real danger are particularly affected by these programs, and they are vitally important. I know that many rural Missourians depend heavily on the section 18 Rural Transit Grant Program. I assume that that is the case in other States where they have significant rural areas. The section 16 Grant Program for the elderly and disabled is vitally important for those segments of our society. And also the section 3 Discretionary Grant Program for bus and van replacements.

These programs may not be flashy, they are not as large as some of the others. However, they do provide a crucial connection between rural areas, suburbs, and cities. And I am very pleased to be able to hear our witnesses today.

And I thank you, Mr. Chairman, for arranging this hearing.

Senator SARBANES. Thank you very much, Senator Bond.

Senator Bryan.

OPENING STATEMENT OF SENATOR RICHARD H. BRYAN

Senator BRYAN. Thank you very much, Mr. Chairman.

Let me commend you for holding this hearing and also extend my appreciation for your invitation to our dynamic mayor of the city of Las Vegas, elected in 1991, and has brought her considerable talents and energies to focus on a number of urban problems, one of which is the transportation issue. And as you have noted, she chairs, on behalf of the U.S. Conference of Mayors, the Transportation Subcommittee.

I might also say, Mr. Chairman, that I think it is particularly significant that the Mayor joins us this morning, because Las Vegas is the fastest growing metropolitan area in the country. Having grown up there, I can tell you that the necessity for some means of public transportation perhaps finite during my own youth, has become a critical area of importance for all of us. A city with a metropolitan area of 700,000 or 800,000, you can get estimates larger. It's absolutely essential for the people in our own community to have access to the system, which the Mayor and some of her colleagues who work on the Regional Transportation Commission are implementing. I think it's an important solution to the overall transit needs.

I would also point out, Mr. Chairman, that I think it's always important that the legislation that we craft at the Federal level, well-intentioned—and I was a supporter of the 1991 legislation—it's important for us to hear from those at the local level who actually have to implement this legislation to see how effective our best intentions are. And where we may have erred and how we can make

the burdens and responsibilities of those at the local level who ultimately bear the responsibility for implementing these plans easier. So I am anxious to hear testimony and I thank you, once again, Mr. Chairman.

Senator SARBANES. Thank you very much, Senator Bryan.

Senator Boxer.

OPENING STATEMENT OF SENATOR BARBARA BOXER

Senator BOXER. Let me add my voice of thanks to you, Mr. Chairman, for this hearing and for including a witness from Los Angeles on the second panel. It is important to Californians that the Federal Government examine our transit policies and move to broaden the support for transit policies. For Californians transportation is sometimes a matter of life and death because people who don't have access to transportation sometimes can't even get to work. So it's quite evident that we need a working transit policy.

Transit policy is also an important environmental issue and a critical aspect of defense conversion, Mr. Chairman because my theory is if you can build a bomber, you can build a bus. There isn't one company in America that builds a bus from start to finish. We have had some experience in the area of defense-to-transit conversion in Los Angeles. And I hope our panelists will discuss that.

My deepest thanks to you for putting this together.

Senator BOND. Thank you very much.

We have been joined by our colleague, Senator Moseley-Braun from Illinois. Carol, did you have an opening statement?

OPENING STATEMENT OF SENATOR CAROL MOSELEY-BRAUN

Senator MOSELEY-BRAUN. Thank you, Mr. Chairman.

Thank you for holding this hearing on transit. We are here today to discuss transit's importance to urban areas and to the country. Transit systems reduce congestion, reduce energy consumption, improve air quality, and serve the needs of urban and rural areas' residents, especially the elderly working poor.

In a country with one of the best and most extensive transportation networks in the world, we have people that cannot do the most basic things because they don't have access to transportation. A large percentage of the transit users are women and minorities. For people living in disadvantaged communities in Chicago and other Illinois cities, transit is the lifeline to the outside world. To deny access to transportation is to put a wall around these communities.

Residents of rural areas also face serious transportation access problems. Rock Island County's Commission on Aging tells me that one of the greatest stumbling blocks to serving the elderly in their adult day care center program is transportation. Without transportation service, a large number of the elderly eligible for this program would not be able to participate.

Besides serving an important social need, transit can help meet important environmental goals. Transit reduces air pollution, it can also reduce our energy consumption and dependence on foreign oil. With a bus with as few as seven passengers, it will be more efficient than the average automobile.

In 1989 alone, highway congestion cost the economy $120 billion. One full transit bus can carry the equivalent of six city blocks full of automobile traffic.

The importance of transit should be obvious, yet investment in transit has not been adequate over time. The transit needs in Illinois and nationwide are enormous. In northeastern Illinois alone, the region's transit infrastructure needs exceed $8 billion. The cost of maintaining the Chicago Loop, for example, is staggering. It will cost the Chicago Transit Authority some $55 per passenger mile to renovate the Lake Street El line serving western Chicago and the suburbs.

Besides standard maintenance costs, transit systems must also meet the requirements of the Americans with Disabilities Act. For the northeastern Illinois system to come into compliance would cost about $200 million. Downstate Illinois transit needs are also heavy. There are over 250 buses we need to replace that would cost over $15 million. And with suburban needs of over 3.5 million, you have over $70 million in downstate rural transit needs alone.

Unfortunately, revenues for transit have not kept up with transit needs. Between 1981 and 1991, Federal transit funding was cut from $4.6 billion to $3.2 billion. Because a large part of transit funding comes from appropriations, transit programs are more vulnerable to cuts in discretionary spending, thus revenue shortfalls.

The Intermodal Surface Transportation Efficiency Act attempts to address that problem by funding a greater proportion of the transit programs from the Highway Trust Fund and increasingly the authorization level for transit. However, the fiscal year 1993 appropriations provide for only $3.63 billion out of an authorization level of $5.24 billion, a shortfall of $1.6 billion. The Economic Stimulus Bill would provide an additional $750 million, if approved. That still leaves a funding shortfall of $860 million.

Adequate transit revenues must be available in order to serve the transit-dependent, Clean Air, and meet ADA goals. We must assure that the Highway Trust Fund is adequately funded, and we also need to be sure that Transit gets a fair share of any extension or increase of the gas tax.

Countries like France and Germany recognize the importance of transit. To meet important social and environmental goals, our Government needs also to strongly support transit systems in this country.

I will do everything I can, Mr. Chairman, to help make this happen. I believe the witnesses here today will elaborate on these concerns. I look forward to hearing there comments and note their testimony will be of great help to the committee as we work to address the needs of transit in this country.

Thank you.

Senator SARBANES. Thank you very much.

Senator Riegle, the Chairman of the full committee, had hoped to be with us this morning. But he's got a conflict in his responsibilities. He has provided an opening statement and it will be, without objection, now included in the record.

Senator SARBANES. We are now prepared to turn to our panel. We will hear from each of you and do the question period subsequent to that.

Mayor Jones, I think we will start with you.

Let me just say, before you start, you have two very fine Senators here in Washington, in our colleague on this committee, Dick Bryan, and in Harry Reid. I must say, as a mayor, I think you are fortunate not only to have two such good Senators, representing you in the Nation's capital, but two who feel so strongly how effective you've been as mayor.

I spoke with both of them about the prospects of having you as a witness, and they were both very enthusiastic about it and said that it was going to be an important learning experience for all of us here. So we are very pleased to have you here and we are very anxious to hear from you.

STATEMENT OF JAN LAVERTY JONES, MAYOR OF LAS VEGAS, NV

Ms. JONES. Thank you very much. I am very pleased to be here and I must say I absolutely agree with your assessment of the ability and commitment of our Senators. In my 2 years in office without their support and vision for Nevada, it wouldn't have been nearly as possible to achieve some of the strides going forward that we have.

I would like to tell both the Chairman and members of the subcommittee good morning. I am Jan Laverty Jones, the mayor of the city of Las Vegas. I am also here this morning on behalf of the U.S. Conference on Mayors for which I serve as the chair of the Committee on Transportation and Communications.

I would also like to thank you for the opportunity to meet with you today, Mr. Chairman, because I believe your timing is excellent. I can think of no more appropriate moment than now to put sharp focus on the role of public transportation in our cities and its needs for the future.

Mr. Chairman, today cities across the country have reasons to be optimistic about the future of public transportation and I believe this to be the case for three major reasons.

First, the administration. In President Clinton and Secretary Pena we have, for the first time in a long time, Executive Branch partners who understand the role transit must play in our cities and the responsibility of the Federal Government in helping cities to enhance that role.

When the President chose one of our own to head DOT, he underscored the commitment to deploying all the Department's resources toward better transportation systems in our cities. And we are very hopeful that the Senate will soon very favorably conclude their work on the President's economic stimulus program, which has generous public transportation funding, so that it can be enacted in final form and begin to do good in our communities.

Second, the Congress. This committee, its counterpart in the House, and both Appropriations Committees have stood with the cities during our most difficult periods as we have fought to develop effective solutions to public transportation needs and programs. This subcommittee created the first Federal public transit commitment 30 years ago. We are excited about working with you, Mr. Chairman, to build on what has been established to date and to strengthen it in the years ahead.

With the leadership of this subcommittee along with Senator Lautenberg in transportation appropriations, Chairman Mineta in the House, another former mayor I might add, and Chairman Carr in the House transportation appropriations, mayors believe that the Congress is fielding one of its strongest teams ever in helping us to meet our public transportation needs.

Finally, the law. Mayors today believe ISTEA represents an historic and positive turning point in the decisionmaking and allocation of Federal resources with respect to public transportation. The promise of ISTEA is wide-ranging and includes increased funding, responsibility at the local and regional level, and finally the long waited-for respect for the ability of local government's to make sound choices as it impacts their areas, a new commitment to manage our systems comprehensively with broad urban values taken into consideration, and finally an understanding of intermodalism as a desired approach for modern transportation systems.

At the local level, ISTEA implementation is not always easy. By its very design, it forces tough decisions and tradeoffs. But mayors like it, we are grateful for it, and we look forward to more effective implementation of it in the period ahead.

At the U.S. Conference of Mayors, we work closely with the American Public Transit Association, and have great faith in APTA's ability to forecast future transit needs for bus replacements and expansions, rail modernization, new rail starts, and related facilities. We strongly endorse their testimony to you this morning.

From a broader urban perspective, I wish to forward to the subcommittee two studies that were recently conducted by the U.S. Conference of Mayors. The first is, "ready to go," which was released last month, the day after the President announced his economic program. At the request of Secretary Pena, information was compiled on ready-to-go transportation projects from 470 cities totaling 889 projects, all of which are immediately eligible under ISTEA, costing $3.7 billion, creating 92,382 jobs in 1993 and 151,624 jobs beyond this. That all of this would have been in the highway area would have been the conventional wisdom.

But when we go through it what we found is that a significant portion of these programs are directly related to mass transportation. These current needs are underscored by a new survey that was released by the conference just last week. "Cities In Recession, The Need For Change." The 125-city survey indicates that in the period from 1990 to 1992, 60 percent of the cities had to raise taxes, 52 percent had to cut services, 67 percent cut city employees, and one third had to do all three. Virtually all cities indicated great difficulty in meeting the costs of environmental and other mandates.

I cite these studies not because unmet needs and fiscal distress alone make the case for a vigorous Federal role in public transportation. But just particularly to underscore the local fiscal context we deal with in public transportation decisionmaking.

Today in cities, our planning financing and implementation must incorporate a wide-ranging set of factors, including mobility, air quality, land use, congestion, housing, changing work and family patterns, and many other considerations. For example, in southern Nevada, we face massive population growth with all the attendant

mobility and environmental pressures. Last year, a new countywide bus system began to address this need. Within 10 years, we will need to expand it, implement transportation system management measures, and develop some form of fixed guideway conveyance.

We are currently examining both mag-lev and light rail. We will look closely at private capital investment to augment whatever public funds might be possible from local, regional, State, and Federal sources. And of course, there is a high-speed train under development between Anaheim and Las Vegas under a bi-State compact between our two States.

In the next century, I believe Las Vegas will be well known for its public transportation excellence. I believe we can provide a working model that can be taken across the country.

Mr. Chairman, I would also hope that Las Vegas will be an example for other communities around the country. As helpful as we hope the Federal role will be in the years ahead, it is absolutely vital for political leadership to work hard with the public and organize local resources to maximize participation in the planning, development, finance, and ultimately utilization of transit. Our cities will not be healthy or competitive places to live unless we do so. I believe that prescription is relevant for cities of all sizes and in all regions.

In summary, I would like to conclude with three major points. First, our future transit needs will be vast, and we must start to meet those by doing everything possible at the local and State levels. Second, the role of the Federal Government in the future will be vital. For the short term, we must fully fund ISTEA. Longer term, we must be sensitive to the possibilities to improve ISTEA during its reauthorization period. And, finally, the Nation's mayors recommit today in working in partnership with this subcommittee, the Congress, and the administration, to seek our public transportation future together.

Mr. Chairman, members of the committee, thank you again. And I look forward to your questions.

Senator SARBANES. Thank you very much, Mayor Jones. That was a very helpful statement. We appreciate it.

Mr. Gambaccini, I think we will go to you now, who is the General Manager of SEPTA, about which we used to hear a great deal from our dear colleague, Senator John Heinz, who was such a strong supporter of the mass transit program. You are also the Chairman of the American Public Transit Association, so you are here on a dual capacity and we welcome you very much this morning.

STATEMENT OF LOU GAMBACCINI, CHAIRMAN OF APTA, GENERAL MANAGER OF SEPTA, OF PHILADELPHIA, PA

Mr. GAMBACCINI. Thank you very much, Mr. Chairman. I am very pleased to be here.

I will reiterate what you said. My name is Lou Gambaccini. I am chairman of the American Public Transit Association, otherwise known as APTA, and general manager of the Southeastern Pennsylvania Transportation Authority, popularly known as SEPTA. That is the Philadelphia area's public transit agency.

Before getting into my remarks, Mr. Chairman, I would just like to compliment you on your opening statement. I must say that it has been frustrating over recent years when I came to Washington to attend committee hearings and meetings, I was overwhelmed with a focus on minutiae and a focus on the trees rather than the forest. So it is refreshing to hear an opening of a hearing like this that stakes out the context of where we have been, where we are, and hopefully in the course of these hearings, the focus can and will be on what the bona fide needs are, not the preoccupation with the mechanics of the budget process.

Mr. Chairman and members of the subcommittee, I have a simple and urgent message and that is that we need your support for complete implementation of the Intermodal Surface Transportation Efficiency Act, or ISTEA, which your committee did such a great job of shaping. By complete implementation, I mean the full funding of the Federal transit program authorized in ISTEA, including 5.1 billion for the Federal Transit Administration in fiscal year 1994.

Complete implementation also means that each FTA program must receive its full authorized share of the total budget. I won't get into a recitation of each of those subcomponents of the program. You have the longer statement which is part of the record.

Finally, complete implementation requires all Government agencies, Federal, State, and local, to cooperate wholeheartedly and enthusiastically in carrying out the most visionary and forward-looking elements of ISTEA. These provisions give local authorities greater control over local transportation decisions, they allow flexible use of surface transportation funds, and the call for a bold new way of thinking.

As the interstate highway era gives way to the intermodal era, the transit industry wants to make ISTEA work and we are very excited about the positive steps taken by this administration.

First, President Clinton appointed Federico Pena as Secretary of Transportation, and Secretary Pena understands how local transportation decisions can support economic development, solve air quality, congestion, and other key problems. He is an ideal person to galvanize the Federal Government into making ISTEA work. We are very pleased by his commitment to intermodal thinking and his strong grasp of the critical transportation issues.

Second, we strongly support the President's economic stimulus program. The $752 million for transit will put thousands of people to work on needed projects that have been delayed by funding shortfalls. The bus discretionary funds will provide thousands of private sector jobs in the United States bus industry, which is currently operating on only 25 percent of capacity.

Third, we applaud Secretary Pena's proposal to extend the 2.5 cent gas tax that would otherwise expire in 1995, and to dedicate the revenue to the Highway Trust Fund, and to give the traditional 20 percent, or one-half cent, to the mass transit account. These actions show that the administration agrees with Congress that it's time to reverse the past decade of Federal neglect of transit.

Complete implementation of ISTEA is needed to achieve the goals that Congress sought when it wrote ISTEA. They are well summarized in the words that your committee wrote into the bill.

Significant transit improvements are necessary to achieve national goals for improved air quality, energy conservation, international competitiveness, and mobility for elderly persons, persons with disabilities, and economically disadvantaged persons in urban and rural areas of the country. That's a quote from the bill attributed to this committee.

The challenges I face at SEPTA illustrate the need for complete implementation of ISTEA. We need operating assistance. When the recession hurt our ridership, we cut 300 administrative positions, and we worked with our unions to reduce medical expenses by 7 million in the first year. We literally reduced our budget in the course of the last fiscal year by 10 percent or $65 million, but it wasn't enough and we had to reduce service.

We don't want to cut service again. And we know that many of our passengers cannot afford to pay higher fares. Like other transit systems, we need full funding of ISTEA operating assistance.

We also need full funding of ISTEA's capital programs to make up for years of delayed capital investment. In Pennsylvania, we won a dedicated source of capital funds from the State of Pennsylvania, but full funding of ISTEA is needed if we are to even come close to filling the needs.

Full investment in SEPTA would return to the Philadelphia economy $9 for every $1 investment, according to a federally funded study undertaken by our regional planning commission. Eliminating our services would increase the cost of doing business, the cost of living, and hurt our tourist industry, not to mention devastate the quality of life in the region.

The transit industry is working to turn the most forward-looking elements of ISTEA into reality. SEPTA and other groups recently unveiled America's new Surface Transportation Network, a map of a wide range of high-capacity surface transportation options in our cities, suburbs, rural areas, and the corridors that cross the Nation. We will continue to explore this new vision that unites urban transit, rural transit, intercity bus, intercity rail, and high-speed rail. The completion of this network, truly national in scope, ranks in importance with the ongoing expansion of our highway system.

The transit industry is eager to do its part in creating a transportation system that sustains a healthy economy, meets the mobility needs of all Americans, and achieves the goals you've set for us. With complete implementation of the ISTEA transit program, we can make steady progress toward these goals and toward completing the national surface transportation network that unites all regions and communities of the country.

Thank you.

Senator SARBANES. Thank you very much. The full statement, as submitted to the committee, will be included in the record, as will the full statement of the Mayor. Both of these statements and the obvious work that's gone into preparing them.

We will now turn to Mr. Francois, director of the American Association of State Highway Transportation Officials, the long-time director I think it should be. We are very pleased to have you with us this morning.

STATEMENT OF FRANCIS FRANCOIS, DIRECTOR, AMERICAN ASSOCIATION OF STATE HIGHWAY TRANSPORTATION OFFICIALS, WASHINGTON, DC

Mr. FRANCOIS. Thank you very much, Mr. Chairman. I am also a Marylander. I cannot let the occasion pass without noting that Maryland also has two very good Senators, which we're very proud of.

Senator SARBANES. Thank you.

Mr. FRANCOIS. On behalf of AASHTO, we are pleased to respond to your invitation to appear here today. I have given your our formal statement for the record, as you've noted.

AASHTO believes that we must increase our support and our investment in transit in both the rural and the urban areas of this nation. From our examination of our transit needs, we have identified both short and long term needs that need to be addressed. We also support a continuing and expanded Federal role in financing transit both for capital and operating purposes.

The Federal/State partnership in transit, we believe, is very important. And the State role continues to grow while the Federal support has gone down over the last decade, as everyone here well knows.

AASHTO recently published our 1992 survey of State involvement in public transportation. We found that in fiscal year 1991–92, the States collectively provided at least $6.054 billion of funding to transit. Of our 52 member departments, 50 responded to the survey. And of the 50, only five States reported no transit funding.

The comparable amount for 1990–91 was $4.65 billion, and in every year since 1987, the combined State investment in transit has exceeded the Federal transit program.

As to how the State funding is applied, last year, a total of $1.7 billion went toward capital, and $2.3 billion toward operating assistance, and $447 million for either capital or operating assistance, this in our urbanized areas. In non-urbanized areas, $22.5 million was for capital, $40.7 billion for operating assistance, and $37.2 million for either capital or operating assistance.

We are pleased that the Federal money is there.

The State money, as you say, has gone up in proportion roughly to the Federal money going down, as the burden has shifted more and more toward the States.

Now we see a need for further investment in transit everywhere. In fact, just about everyone you talk to says that we should be investing more than we are now.

One document of interest is "The Status of the Nation's Highways, Bridges, and Transit . . ." sent to Congress in January by the Federal Highway Administration. It indicates that the capital investment in transit from all sources should be at least $3.9 billion, just to maintain conditions as they are, and $6.6 billion to improve those conditions to where they ought to be.

The findings of this U.S. DOT report are generally comparable with AASHTO's findings in our 1988 "Bottom Line" report, if you update it for inflation since that time.

On March 9, 1993, the General Accounting Office released its report on transit funding needs. It compared the FTA recommenda-

tions with AASHTO's recommendations and with APTA's recommendations.

With respect to capital, the FTA found a total capital need of $7.5 billion per year. AASHTO's comparable number was $16.4 billion, and APTA's $15.7 billion. There's a major difference, obviously, between APTA's, FTA's, and AASHTO's findings. The AASHTO numbers are very conservative, and they're based on the assumption that we're trying to maintain the current transit share in this Nation.

I will not speak for APTA's numbers, but I do know that they look toward expanded transit use. And if we do fully implement the Clean Air Act amendments, if we do a lot of other things that we should be doing, then funding levels close to those that APTA talked about would clearly be needed.

The important point is that all of these estimates exceed the level of the current program.

The Federal role, we believe, is very important in the transit program, as I stated. AASHTO fully supported the ISTEA legislation, including the flexibility provisions in that bill that allow the use of funding for either highways or transit, according to the decisions made in the planning process.

We note for the record that as of February 28, 1993, since the ISTEA was passed, some 23 States have transferred a little over $436 million from highways to transit. So clearly, the flexibility provisions of the ISTEA bill are working. We know there are some other transfers in the wings.

Senator SARBANES. What was that figure again?

Mr. FRANCOIS. It's $436 million plus, according to tables that we received this week from the Federal Highway Administration.

Under the ISTEA legislation, when transfers are made, the monies are transferred from the Federal Highway Administration to the Federal Transit Administration for their administration. And that's what that number is.

Of that money, a little over $54 million came from the Surface Transportation Program. CMAQ funds account for $277 million, and about $104 million came from other funding sources, most of it interstate funding. So the bill is clearly working as it was intended.

We also strongly support other features of the ISTEA for transit, including creation of the transit research program. This is something that was badly needed. We strongly believed it was needed, and endorsed it. And we're pleased to note that it is now in operation.

With respect to aid for transit from the Federal Government, we believe that aid should extend to both capital and operations.

In rural areas, AASHTO is strongly supportive of full funding of the section 18 program, something we believe is badly needed. Under section 18, there are approximately 94 million transit trips a year in the rural transit network, with the typical agency providing between 25,000 and 30,000 of those.

Now while we have a lot of transit agencies operating in rural America, still about half of our counties do not have them. So there is still a need out there that is unmet.

With respect to full funding of the ISTEA, AASHTO strongly endorses this. We were very very pleased to see Secretary Pena and the Clinton administration give its support to full funding.

We believe that it needs to be done if the bill is to work properly. It's only with full funding that the tradeoffs between transit and highways and the tradeoffs within the highway and other programs can work effectively. This seems to be one of the few things that everyone in Washington agrees on, full funding. We hope it can be achieved.

The economic stimulus package we also strongly support. We notice there are some problems here in the Senate with respect to it. We hope those problems will be clarified and that that package will move forward.

The capital portions of that package are needed very much for both highways and transit. And now that we're almost at April 1, every day that goes by hinders the abilities of the State and local governments to fully use that money this year, as intended.

Mr. Chairman, we also identified a number of issues among the States that we're concerned about as we look at the transit programs, and that the States are trying to work with their transit agencies. We've listed a number of these in our testimony. We call them to your attention.

Finally, let me touch briefly on IVHS. AASHTO was also instrumental in establishing IVHS America. And indeed in one of my other capacities, I am currently, for at least another month, chairman of the board of that organization. In IVHS, there's a program known as Advanced Public Transportation Systems, or APTS, which can apply space-age technology to helping meet America's transportation needs.

There is much that can be done, we believe, in the transit arena by way of IVHS activity that modern science and technology can help make happen. It includes such things as "smart cards" which would make for a much more seamless transportation system than we now have.

Mr. Chairman, we appreciate this opportunity to appear, and stand ready to respond to any questions.

Senator SARBANES. Thank you very much.

We now turn to our final panelist, David Marsh, who is the director of the Capital Area Rural Transit Systems in Austin, and is also the president of the Community Transportation Association of America.

Mr. Marsh?

STATEMENT OF DAVID MARSH, PRESIDENT, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA, DIRECTOR, CAPITAL AREA RURAL TRANSIT SYSTEMS, AUSTIN, TX

Mr. MARSH. Thank you, Mr. Chairman.

Good morning, Mr. Chairman, members of the committee. I also would like to extend my appreciation to the committee members for their insightful and perceptive statements which recognize that in spite of the most advanced transit bill since 1964, full funding is still something we have not realized. Further, the recognition by certain members of the importance and the necessity for rural transit funding.

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I am David Marsh. I serve as executive director of CARTS, a section 18 funded rural transit system serving a 7,500 square mile area around Austin, TX.

Our system operates 75 CARTS vehicles that traveled 1.4 million miles last year, providing 350,000 rides. About 15 percent of those rides involved going to work, education, or job training; another 25 percent providing access to health care. CARTS' services connects with the Capital Metropolitan transit authority in Austin, and we share terminal facilities for two private intercity bus carriers in two of our cities. Several human service agencies also participate in the CARTS network. We are, I hope, a good example of coordinated public transportation on a regional basis.

I also currently serve as the president of Community Transportation Association of America, a national organization of rural, small urban and specialized transportation providers and advocates. Our membership obviously overlaps somewhat with that of the American Public Transit Association. And we are also pleased to say that a significant number of State departments of transportation affiliated with the American Association of State Highway and Transportation officials are also organizational members of CTAA.

We're glad to be able to work with both APTA and AASHTO in making the case for public transportation, and I appreciate the opportunity to bat cleanup here on this four-person panel.

What we call "community transportation" has a number of components, including more than 1,200 rural public transportation systems, funded under section 18 of the Federal Transit Act, another 200 plus transit systems serving smaller urban areas, and funded under section 9(a)(1), and a very large number of community agencies which provide specific client groups with access to a variety of social services.

Some of this latter group of specialized transit providers receive capital assistance under section 16 of the Transit Act, but nearly all of them depend on other sources for their operating funds, usually from human service programs administered by the Department of Health and Human Services. To some extent, the existence of this "other transit network" reflects the lack of adequate funding for public transportation—a point to which I will soon return.

At the same time, their existence provides an opportunity and a challenge—to make the best possible use of all available Federal transit resources in such a way as to develop a seamless system of transportation alternatives for all of our citizens.

This is the challenge that lies behind the easily stated, but not so easily achieved concept of coordination, not to mention intermodalism.

One of the key characteristics of the community transportation network, and especially the public transportation part of it, is the extent to which the focus of our activities is people who have no mobility alternatives—the people we call the "transit dependent": the elderly, persons with disabilities, and low-income households.

Nearly 40 percent of the ridership of section 18 providers is elderly, a share more than twice that group's share of the population. Operators report that 40 percent of the trips they provide are in connection with health care or other specific social services.

A recent comparison of transit bus riders in Florida found that more than 60 percent of the ridership on the rural and small urban systems had incomes of less than $15,000, while the comparable figure for the metropolitan systems was 13 percent.

These figures reflect the fact that public transportation is often the vital link for transit-dependent people, to jobs, to job training, to health care, and to continued independence in living arrangements.

Federal Transit Administration data also make it clear that rural and small urban transit is the most dependent on Federal funds for its operations.

The section 18 and section 9 network relies on FTA funds for 29 percent of its operating budget. For urbanized areas of 200,000 to a million, the figure is half of that. And for systems serving areas of a million or more, FTA funds make up only 4 percent of the total.

This means, for instance, that an across-the-board reduction in formula funding, such as occurred in the last year's appropriations, does not really affect everyone equally. It is significantly more painful for the rural and small urban operators and the citizens that they serve.

The 1,400 FTA-funded rural and small urban public transportation agencies provide more than 300 million trips a year, at least one-third of which are in rural areas.

But the availability of this alternative for travel is far from universal. In more than 900 of the Nation's 2,400 non-metropolitan counties, there is currently no FTA-assisted public transportation.

In those counties where service does exist, it is often confined to only a part of the county, or is infrequent in character, or both. This imbalance in the availability of public transportation follows the pattern of Federal transit assistance, which is itself an inheritance from a time when public transportation was associated in policymakers' minds only with large urban areas.

That this is no longer the case is shown by the Congressional decision 2 years ago to rename the Nation's transit agency to make it clear that it is to serve all areas. Despite recognition of that principle, it remains true that we allocate $23 per capita in transit assistance to urbanized areas of one million or more people for every one dollar spent in rural areas.

Those of us in rural and small urban transportation recognize the need for and the importance of that assistance to large urban areas. We simply ask for a more balanced approach.

Personally, I believe that increased public investment in transportation in rural and small urban areas, as well as in large metropolitan centers, represents an attempt to recreate something that existed in this nation to a far greater extent only 50 years ago.

That is a real range of mobility opportunities for people in all areas. Fifty years ago, we had passenger train service throughout the country, and not in just a few major corridors. We had a network of intercity bus service that was even more widely available. We had light rail systems and inter-urban trolleys in and connecting small towns to urban areas. Since then, we have become almost totally dependent on a single mode of transportation, the private auto.

If intermodalism means anything, surely it means providing a choice of modes to more Americans. And if we are serious about investing in our human resources, we need to remember that this means investing in their mobility, as well as their health and education.

In terms of national transportation policy, we need to recognize that isolation is as critical as congestion. Indeed, in rural areas especially, overcoming isolation is essential to facilitate the investment in health, education, and jobs.

Thank you for the opportunity to appear before you. I'll be happy to respond to any questions.

Senator SARBANES. Thank you very much. I thank all of the panel.

I'm going to yield now to Senator Bryan to do his questions. Then we'll turn to Senator Bond.

Senator BRYAN. Mr. Chairman, I appreciate that courtesy. Recognizing that we've got a vote coming very shortly, I just want to take this opportunity to first address a question to the Mayor, and ask the other co- panelists to respond.

In the context of my observation earlier on that clearly you are supportive of the legislation enacted in 1991, and I understand the thrust of your testimony collectively, that full funding of ISTEA and all of the funds that you can have, that's important. I understand that's a given.

My question to you is, in terms of the framework of the legislation, in terms of your ability to work with the parameters provided in this legislation that make the funds available to you, what changes, if any, would you ask us to consider in the context of those things that you find extremely difficult to work with, counterproductive, and maybe unnecessarily costly in terms of their implementation.

Let me defer to our mayor, first, and then ask each of the others to respond if I may, Mr. Chairman.

Ms. JONES. That's an easy question for me, Senator. What I'd like is a little more local control.

As you know, Nevada is the one State where the control of ISTEA was actually given to the Department of Transportation, rather than to the entities themselves. And although they've been ultimately fair in their distribution, I think it makes far more sense to follow in the spirit of the original ISTEA legislation. Give the local access.

Nevada is a perfect example. We have the urban transit problems, but significant rural considerations, as well. And I think giving local entities more control in both utilization and implementation is in the best interest.

Senator BRYAN. So, mayor, as you see the Act, the problem that you have is not so much with the constraints imposed at the Federal level, but the on-going dynamic, which I have some familiarity with, at the state level, between the state and local?

Ms. JONES. Yes. The legislation, as constructed, appears to work very well in the interests of the entities. It just doesn't apply to Nevada at present.

Senator BRYAN. Thank you very much.

May I invite the other co-panelists. Mr. Gambaccini?

Mr. GAMBACCINI. Thank you, Senator.

I, in a previous position, was Commissioner of the State Department of Transportation in the State of New Jersey.

At the time, and probably even today, it was the State that is the most densely populated that has the most progressive, or at least intense transit orientation. Having said that, despite my efforts in trying to redirect balance and emphasis in the State, it is still very much a highway department, as are most DOTs.

Mr. Francois may take exception, but institutions change slowly, and despite the wonderful philosophy of ISTEA, which I fully support, and I think really is a landmark bill, the potential for flexible funding and local decisionmaking, in my opinion, in many areas is still going to lag significantly behind expectations.

In the case of Philadelphia, we have an MPO that is meant to decide the questions of relative priority and flexible funding, which has 18 members, one of whom represents the city of Philadelphia, and the rest State and rural and suburban interests.

In that context, it's not surprising that out of about $2.5 billion of potentially flexible funds, they are talking on the order of $100 to $150 million of potential transit redirection. That represents less than 2 years' windfall in the highway account in the State under dedicated funding.

Highways and transit were both supposed to get $200 million. In fact, because of the economy and the recession, the transit component is down 33 percent, to about $130 million. The highway component is $275 million, that is $75 million higher. So the potential of 6-year flexing is less than 2 years' windfall added to the highway account.

It will take time.

I think the best Congress can and should be doing in the course of oversight hearings is to track these data. Mr. Francois has mentioned $400 million. Four hundred million is a step in the right direction, but not a giant step. It's a tiny step.

So the potential is there, but there needs to be a jumpstart or a significant boost to accelerate the process. And I'm not saying that the bias should shift overwhelmingly toward transit, but that there be an honest effort to get a fair reflection and reasonable representation of all the interests that have to participate in the decisionmaking process.

Senator BRYAN. If the Chairman has time for Mr. Francois' response? If not, I certainly understand, because we have to take a vote.

Senator SARBANES. We can certainly take a brief response.

Mr. FRANCOIS. Mr. Chairman, I think we need to remember that this baby known as ISTEA is only 15 months old, and it's a new generation of program we're talking about, that will literally take many many years to make fully operational.

We don't really at this time have any recommendations to make, simply because we haven't lived with them long enough. 1But to run through a few of the issues we're facing, first of all the interface between the ISTEA and the Clean Air Act amendments of 1990 is one that we still do not understand fully, and won't until conformity regulations are finally adopted and implemented in the many States.

It's very clear that notwithstanding the strong planning provisions of the ISTEA in non-attainment areas, the Clean Air Act amendments will prevail and cause many things to occur.

The ISTEA also calls for the establishment of six management systems. The guidelines for those are just now being put into place.

There is an entirely new decisionmaking process at the State and regional levels. The MPO's are stronger than they were, et cetera. And those issues are being resolved in many places around the Nation.

In some States, we know we're running into problems with the MPO regulations, but all these things are in a very immature stage right now. And we believe it will take another year or two before we can really give a good measure of where the problems lie. So we would be hesitant at this point to recommend any changes.

Senator SARBANES. I'm going to yield, now, to Senator Bond, to put some questions, because he may be held on the floor after this vote, and he can adjourn the hearing. The rest of us will go to vote and will return to complete the panel, and then take the next panel.

I apologize, but we don't control this voting schedule on the floor.

Senator Bond?

Senator BOND. Thank you, Mr. Chairman.

Again, my thanks to the witnesses. You've raised so many questions. If we had a lot longer time, I don't think we'd cover all of them. But I'd like first, as I said in my opening remarks, to follow up on the rural transit problems.

Mr. Marsh, we're hearing from our rural transit agencies that there are really two problems, a lack of funding and a lack of coordination between rural transportation agencies and social services agencies. Number one, what do you see as the shortfall in needed funding for rural transportation systems?

Mr. MARSH. Currently, rural transit accounts for less than 3 percent of the total Federal transit allocation. Based on statistical data on the lack of coverage, a doubling of the program would not be unwelcome or unneeded.

Twenty-five percent of America lives in rural areas. Three percent of our funding for giving mobility to those people is directed to them. Somewhere between 3 and 25 percent would be a better number than we currently have.

Senator BOND. Do you have any figures on just the lack of service? Do you have any way of quantifying it?

Everyone would like more. We'd love to be able to give you more. But is there any way that you have quantified the need as to where services are inadequate or nonexistent?

Mr. MARSH. Forty percent of the country in non-metropolitan counties has no service funded by FTA. Other counties may have service. I have areas in my service area where we go through, maybe once a week, so it's difficult to gauge as far as money terms. But more attention on a percentage basis of the formula funding would start to address the problem.

Senator BOND. That's one of the problems we face with lack of appreciation in some areas of the need for rural transit funding.

Let me turn to the metropolitan areas. I have heard from one of the large transportation systems in our State that they really can-

not figure out how to handle what they see to be the very significant costs that will be imposed on them by other measures, such as ADA and the Clean Air. Madame Mayor, I turn to you first. What do you see the costs for your city of these other areas with which you must comply?

Ms. JONES. One of the problems we face, we just recently implemented a major transit system. It's one of the largest transit systems start-ups in the last 20 years. It was funded by a bond that was approved by the voters in 1989, $100 million a year, $20 million of which would go to transit.

What's interesting, when we now have to deal with some of the mandates, both environmental, Americans with Disabilities, and the related costs, our projections right now indicate that by 1996, we'll have a revenue shortfall. So with the $20 million subsidy provided by the taxpayers and fare box revenues, we're still at being in the red without some changes in a very short period of time.

We've even founded an EOB, which is our Economic Opportunity Board, which provides transportation for disabled for seniors that, although the system is excellent, the availability of the system is limited. We just don't have the funds.

And you bring up the question of rural. In our area, as you know, a good portion of Nevada is rural. Very close to the city of Las Vegas, Mesquite, which is an outlying area of Boulder City, because of our limitations, not only the cost of the system but the related costs, we're not able to provide service for those areas.

We're in the position of either looking for a way to increase the revenues, which is only through fare box, or extending the tax for a period of time, so that we don't lose the subsidy, or to find some way to mitigate some of the extra costs that we have to face on Federal mandates.

Senator BOND. Do you see any ways in which we could achieve the goals of those mandates in a manner less costly to your entity?

Ms. JONES. I don't know if I can answer that.

Senator BOND. Well, if you'd like to think about it and let us know later. Let me turn to Mr. Gambaccini and ask him to comment on those.

Mr. GAMBACCINI. On a national level, we estimate about $750 million to accommodate ADA fully, particularly fund paratransit. Were we to go to a clean diesel bus under the Clean Air bill, it would be in excess of $100 million a year in additional costs for the Nation.

At SEPTA, the estimate for our annual increase in operating costs alone to accommodate ADA is about $3, to $5 million a year increase over the prior year for each of the next 5 years.

We strongly believe in the clean diesel bus. The costs of alternate fuels, if they were compelled, would be far far greater, and we think we'd have a whole host of other problems, including safety concerns and the like.

So we are pleased that the Clean Air Act, as it finally came out, provides secretarial discretion, that is, EPA discretion on whether clean air or alternative fuels would be required. But clearly, mandates without funding are an added major burden in the context of rising fares and cuts in service.

Senator BOND. We hope to be able to provide readily available soy diesel fuel we're working on in our part of the country that we think will meet some of those needs.

I see my time is up, but unfortunately, it looks like I'm running out of time to vote. So, at the Chairman's direction, I will temporarily adjourn the meeting, and say thank you all for being with us. The rest of the gang will be back shortly.

[Recess.]

Senator SARBANES. We'll resume with the panel. I apologize. We actually had two votes in a row, and that accounts for the delay in resuming.

I wanted to put one question to the panel, sort of a broad question that I'm very much interested in. And it's the question of demand and supply, the chicken and the egg problem.

Obviously, we want to get more people to ride, to use mass transit. It serves lots of purposes, transportation purposes, environmental purposes, energy purposes.

What's the inhibition in doing that, and do we have to provide the supply before we can encourage the demand?

If we got a lot of people out of automobiles and onto transit, could transit handle them?

Do we actually have to provide the transit first, in order to lure them out of the automobiles?

How do we break that cycle in order to get this thing moving?

Which comes first? Encourage the demand, or encourage the supply?

Does anyone have any thoughts on that?

Ms. JONES. It's interesting, and I use Las Vegas again as the example.

We had a serious transportation problem with our growth. Our population has more than doubled in the last 10 years.

The only source, really for all practical purposes there was no mass transit system, there was one private provider who went up and down the Las Vegas strip and basically serviced tourists.

There was obviously a significant demand if the community was willing to approve the $100 million bond issue to provide a mass transit system. But now that we have it, again, we still have the problems of getting people to use it. So I think that certainly the demand existed, we provided the service, but now we have the more critical challenge of coming up with programs that give people the incentives to ride it.

And I think, in my perspective, that's going to take a public private partnership. You can make the service available. It's very cost effective, but you need the private sector, as well, to be providing the incentives for their employees to use the system. Otherwise, as I said, we're right now projecting that within 4 years, at current ridership levels, we'll be in a deficit. We won't have the revenues to operate the system in the black.

Senator SARBANES. Well, that's part of the conundrum, I guess.

Mr. Gambaccini?

Mr. GAMBACCINI. Mr. Chairman, I've been in the transit business over 30 years, in three different properties; New York, New Jersey, and SEPTA. And I've agonized about that very question over and over.

I'm reminded that back in the second oil shock of the seventies, FTA, or then UMTA, asked how quickly we could expand service to handle twice the ridership, and the pressure was on. As soon as the shock was over, that disappeared. And then the nature of the thrust was quite the contrary. Keep your spare ratios low, and don't expand service.

We've had an erratic kind of behavior, but the single, steadiest behavior in this country has been, in a variety of ways, to encourage the use of the automobile and discourage the use of transit.

I would cite, as examples of that, that until the recent energy bill, there was no cap on tax exempt free parking. That could be a benefit worth $500 a month. Now there's a cap of $150, I think it is, where there had been a cap for transit tax exemption of $21.

We teach our kids to want to, in fact, almost of necessity, the right of passage, as soon as they become 16 or 18, to get a driver's license and drive.

The national economic indicator on the sale of automobiles is one of the barometers of whether we have a cold or not as an economy. We provide or did provide, in many of our high schools, not only free, but compulsory free driver education. In Europe and Japan, you must have private driver education at a cost of $1,000 or $1,500. So the policies in this country have been overwhelmingly directed at the convenient use of the auto.

The ratio of Federal funding of highways to transit 12 years ago was $2 to $1, $2 for each $1 of transit. Now it's $5 to $1. Given a preponderance of these kinds of things, it's no wonder that the playing field keeps getting more and more unlevel.

Recently, our mayor asked us to lower our fares to encourage Wednesday night shopping. We reduced our fares by half and the Parking Authority provided free parking. We lost ridership.

The policies are geared overwhelmingly to make it convenient and easy to use the automobile. The proof of it is the census. Over the last 10 years, there's been an increase of more than ten percent in single occupant auto use that is surely going to drive us into bankruptcy as a Nation, when you consider the negative balance of payments, dependency on imported oil, and the out migration of significant wealth of this country. Yet the process grinds on.

So I think the capacity of the transit industry to expand rapidly is there. Test us. Try us. We can radically expand our capacity, but we need a coordinated set of tactics under an overall strategy that tries to bring balance.

My comments are not anti-highway. The highway is here, it's a very vital part of our country's culture, more than in any other country, and it will remain so under the best of circumstances.

Let me just close by saying, the best protection of the continued use of uncongested highways and automobiles at their optimal level is that as many people as can be enticed and who have discretionary choice will use public transportation, rather than single occupant auto for needless and wasted trips.

Senator SARBANES. It's interesting, the public utilities, many of them now are pushing a conservation strategy because it's calculated that the economics work best for them if they don't have to make the capital investment in new production facilities. So they emphasize a conservation strategy and the very efficient use of en-

ergy. A number of public utilities now across the country are doing this. I think the lead sort of began in California, Southern California, and we need, I think, a comparable sort of thinking in the transit area where the people who want highways recognize that it's to their own advantage to get sort of the single cars off the highways and into transit if they can do it.

You're never going to be able to build enough highways, if the trend lines parallel what they used to be. Did you want to address that?

Mr. FRANCOIS. Mr. Chairman, yes, if I could, just a few thoughts on all of this.

One of our needs, of course, is to make transit more convenient for people to use, and to help them gain a better understanding of schedules, how it operates, et cetera.

I think the transit pass, the new one, when it's fully implemented, will certainly help. But some of our problems lie much deeper than that. Land use decisions that are made, and the way we design our communities, for example.

Just reflecting on our own State of Maryland, if you look at the development that's occurring between Baltimore and Washington in the Savage-Columbia region, it is not designed to be serviced by transit. Inherently, we have a problem there.

The Clean Air Act Amendments are probably going to bring some of this together when they're fully implemented with some of the transportation control measures. Disincentives on automobile use, possibly road pricing, increased parking fees, things of that kind, will help steer people more toward transit than they are currently.

To me, the bottom line issue with respect to transit is really three things. Clean vehicles, and this gets to the issue of capital being needed for replacement of clearly outmoded and old buses that need to be taken off and scrapped or reconstructed, and not operated on a routine daily basis. People are reluctant to get on a bus that is dirty, that is not running well.

That gets to the second issue which is reliable service. Unless you have a schedule that meets its schedule, that is, where the bus and the train, whatever it is, is there when it's supposed to be, on a reliable, consistent basis, they will try it once. If it's late, they won't come back.

We have a problem again, in Maryland, for example, with the MARC service between Baltimore and here. I have some of my employees that ride that train everyday or that try to. Some days it goes right by their stop, it doesn't even stop. Other days, it's late with no explanation.

There it's a problem, not with MARC, as much as it is the railroad upon which MARC must operate. But until that service is fully reliable, it's hard for people to use it. And it also must be frequent. This is the other issue. Frequent service is expensive, but unless you can give to people the flexibility of time of arrival and departure in our new work style, where you may work very different hours than 9:00 to 5:00, it's very hard for people to use transit.

So I'd say, clean, reliable, and frequent are the three key words that we need to work on. And all of that takes capital. It also will take some operating support. Because frequent service will mean

buses that are not full at all times. So it's a combination of these. It's not an easy thing to deal with.

Again, land use is part of it. The highway system is a part of it without question.

We know that in our urbanized areas, you're not going to build any more highways in most of America, and both the Federal Highway Administration and the States recognize that. We will see more HOV type lanes, we will see more transit in that sense.

There's a whole set of issues out there. And depending upon where you are in the United States, you get different answers.

I'll just close by noting that I was in San Francisco the last few days. Herb Caen whom, as you know, is a columnist out there, has as one of his favorite topics the MUNI. He was noting that again the other day, the MUNI electrics were all running in a bunch. He says, he guesses that's because the wind was in the west, or something. But this is a problem nationwide. It's not just here.

Ms. JONES. I'd just like to tie back into this for a minute because, as I said, our transit system is a brand new system. We do encompass all of the criteria. It's clean because all of the buses are brand new. It's timely and frequent, because the schedules were really developed to meet the immediate needs of the people who live in the valley. It's frequent. Yet, we're still having the problems of the people who voiced a demand for these buses in using the buses.

And I think it ties back into the comments that without the incentives, both from wherever the Federal Government can play a role, and then working in conjunction with the private sector to encourage people to use transit, to educate them about both the need and the convenience of using transit, to change the mindset, getting people out of their automobiles, will be a very difficult task.

I can speak to this from a different perspective because my business, before becoming mayor, was as President of the Fletcher-Jones Management Group, which oversees operations of 13 automobile dealerships in California and Nevada.

So I'm well aware of the Americans' love affair with their cars. In fact, Nevada registrations a month right now, in new and used vehicles, is averaging around 15,000 a month. This is in a community where we're so far outside our infrastructure that our traffic is abominable. And you'd think that people would be using the transit.

But it's very hard to change that feeling that somehow it's more convenient if they walk out their door and get in their car, than if they walk out for an alternative source. I really believe the education and incentives are critical long-term.

Senator SARBANES. Mr. Marsh, did you want to add to this?

Mr. MARSH. It's very difficult to find a seam in this seamless presentation here. I will attempt to.

I would say, first of all, that I would echo the convenience aspect. Until transit becomes convenient and accessible to all members of our society, it will not be used. There is definitely a chicken-egg question here, and no one can resolve it. There's also a carrot and stick.

As fuel taxes increase, as we all feel is inevitable, we would hope that those taxes, the revenues from those taxes go into building an

infrastructure that our country needs to restore, both in rural and urban areas.

I would also hope—I come from a State which has one of the most extensive highway networks in the country. Texas is known for its highways, and we're proud of our highways.

However, we also have other needs. I think when you do an Environmental Impact Statement on the building of a highway, you should also think about transit analysis. How does that highway add convenience in the building of highways for our patrons so they can have conveniences, so they can have choices.

As far as demand, speaking from the community transportation industry, we have demand. We would like to be able to expand our services to meet those demands, and work with the coalition that seems to be forming around this. And that's what it's going to take, is a coalition of the transit groups and environmental network and those that recognize that the future of our country lies more than in just building more highways.

Senator SARBANES. Let me just make this observation, because I think the Mayor has really posed a very important issue.

You have a community that undertook to make the investment, and sort of said, well, all right, we're going to put a transit system into place. And we're going to do it up front. We're going to go ahead. I mean, we're told you want to use it, but we have no manifest demonstration of that, so we're going to lay the money out, so to speak.

And now you're facing a problem of not getting the use of it that will support it financially, I take it, as you project out your figures. Now, that's a real problem and it's not a very good object lesson, if in fact it works out that way.

Ms. JONES. I hate to sound like a negative voice here, but even, they talked about flexibility of scheduling, because so many of our workers work swing shifts. The schedules do take into effect, they run 24 hours because so many of our people work 2:00 to 8:00 in the morning.

And some of the things that we've considered is working with business, where they have to give their employees a reason, a benefit to leave their cars at home.

Maybe that extrapolates further into the Federal Government working in the business and giving some kind of tax credit for encouraging people to use the system.

Senator SARBANES. We raised the tax free benefit, but of course they can provide the free parking, which exceeds it in benefit.

Mr. Gambaccini, did you want to add something?

Mr. GAMBACCINI. I'd like to just make a couple of quick, factual points that I think relate to the subject that we're talking about, and further my earlier comments about the context of policies.

The price of gasoline today, adjusted for inflation, is 40 cents a gallon lower than in 1950.

In Philadelphia, transit fares, adjusted for inflation, are 65 percent higher than in 1950. The availability of transit service has declined since 1950 at twice the rate of the population decline. Forty percent of the households in Philadelphia have no automobile. Philadelphia has extraordinarily high unemployment. It has a great need for accessing jobs available in the suburbs by the unem-

ployed in the city, but inadequate capacity or transportation access to those jobs.

These are all interactive. The costs of the automobile are buried. They are subsidized in a variety of ways.

The gas tax in this country, on average, Federal and State, is one-tenth of what it is in Italy.

These are all interactive policies or non-policies that drive the process. Obviously, one way to encourage the use of transit is to have the financial wherewithal to expand service, to upgrade the quality. And these are all interactive.

You raise the price of gas, particularly through taxation, develop the financial wherewithal to orchestrate other policies that not only are benefitting people who are totally dependent on transit, but also to steer, through a variety of enticements, to effect the modal choice by those who have discretion.

It seems to me that that's what we desperately need at the national level, a sense of a strategy that over time will shift and change these kinds of trends.

Senator SARBANES. Let me ask this question. And I want to be very careful. I'm sort of just asking the question, I'm not indicating a direction.

Most of the highway funding comes from the trust fund. Part of the transit funding comes from the trust fund, and part comes from the general fund.

Should we be trying—I want to assure you, you know, the premise of this is that no money will be lost, and maybe hopefully some will be gained—but should we be trying to get transit funding out of, almost entirely out of the trust fund, and not out of the general fund, just as a general proposition? Or doesn't that matter? Or would that put you on a more secure and permanent basis?

It would mean that transit would have to get a somewhat larger slice of the money, or you'd have to take the tax up a little more and give a bigger chunk of that to transit in order to accomplish that. But would that give you a better funding situation as you would envision it than the current situation, where part of the funding comes in there, and part of it comes from the general?

Of course, there's tremendous pressure on funding in any respect, but you can't do that trust fund elsewhere unless you do something like this deficit reduction deal that we did. But that's going to change and swing back the other way, whereas the general fund is always under pressure. If the transition could be accomplished without a loss of funds, do you see any benefits? Or isn't it worth fooling with?

Mr. GAMBACCINI. I would certainly advocate that. I think again, in the overall context, Ross Perot made it possible without violence to talk about a 50-cent gas tax increase. And even at a 50 cents increase, the tax is still a fraction of what it is in Europe.

I don't think anyone is seriously proposing a 50-cent hit all at once, but looked at over time, 10 or 20 years, a 50 cent gas tax increase is not really outrageous, again, in comparison with our competitors around the world. That provides tremendous capacity. In fact, Frank Francois, a couple of years ago, had invited me to talk to AASHTO, and the point I made with them was that they should

think more boldly about a significant increase in gas taxes, liberally shared with transit.

I would support the approach you're taking, but with assurances that the funding appropriate to the bona fide needs is there.

But certainly the dedication and the trust fund device are foolproof ways to protect your infrastructure and to assure the delivery of service and not short change transit as has happened historically, particularly in the last dozen years in the face of almost any other competitor for general fund financing, including many functions of government that were unheard of 10 years ago; the S&L bailout, AIDS research, and so forth.

So transit, with the pressure of budget caps and budget deficits, and a lot of other claimants, most of them with more political constituency, transit has been buried in the process.

The trust fund would be the best protection of mobility for all of our people, for quality of life, and for assurance of an adequate form of service.

All of us have heard, ad nauseam, from people who travel abroad, why is it that Japan and Europe and everyone else can have far superior public transit to the United States?

The answer is obvious: a lack of political will to return to the glory days of 50 to 75 years ago, when the United States was the leader of the world in technology, quality of service, and public transportation service.

Ms. JONES. I would agree with that. I would think that dedicating the money from the trust fund would allow you to move forward more aggressively because you'd have the confidence and the re-insurance that the funding would sustain itself.

I would add that maybe one of the reasons that our system isn't as utilized to the level of our expectations is, some of the most significant areas of growth in Nevada come from California. As anyone from California will tell you, it has never had an adequate mass transportation system. So, again, it's the whole mindset. If you're not familiar with it, you don't use it.

Mr. FRANCOIS. Mr. Chairman, this is a complicated subject, quite obviously, and there are no easy answers to it.

The gas tax, historically of course, was created by the states. The State of Oregon enacted the first one in 1919, and the Federal Government didn't really pick it up in a big way until 1956.

A gas tax or fuel tax is still the basic funding mechanism for all States for their highway programs, and typically their monies for transit and other transportation purposes are raised from other sources, although some do use that tax also.

The Federal tax has become a sizable tax in recent years, but it is still smaller than the average state tax, and it could indeed be increased if the Federal Government chose to do that.

The levels in Europe are much higher than they are here. And in Europe, we're finding that the highway programs are funded at about two to three times what they are here in part because of that much larger tax. And they're building better highways than we are here because they have more money to do it with.

But in Europe, they also take most of that money, 60 to 70 percent of it, and use it for other governmental purposes unrelated to transportation.

And there are those in this country who believe that the foundation of funding our surface transportation system is a user tax, which is what we regard the fuel tax as being, and that the bulk of those revenues should go to support the user, i.e., the person who drives on the highways, which includes transit buses and intercity buses, as well as automobiles and trucks.

ASSHTO accepts the balance of things as it now is. I think we'd be very concerned about a large increase in fuel taxes, given the user relationship that we've had, without rethinking the whole system that we use.

One of the issues this would raise is what formulas would one then use, and how would you rewrite the ISTEA legislation with respect to those formulas, if you had much larger taxes. And of course you have other organizations, like Amtrak, etcetera, that would also like to use fuel taxes.

The construction industry, as we know, which strongly opposed this, they already see the flow of money from the highway account to the transit account as a diversion of user fees. We argue it is not such a diversion because Congress first enacted the ISTEA, then enacted the tax legislation from the ISTEA, thereby saying that those monies are usable for whatever purpose the ISTEA allows. It's not diversion to us, but it is to them.

I see in the State of Maryland again, in the paper yesterday, that there was a big issue there with respect to the State tax.

It's a complicated subject, and I don't think there's any guarantee in funding for transit or anything else in the highway trust fund historically. We've been funding the highway program at substantially less than the trust fund will support. This is still a problem, and I think it will stay a problem.

So there's no magic answer. Any of these things can clearly be discussed, but I believe it would be a very complicated thing to do. Maybe it is something we should take up. If we do, maybe the concept of a transportation fund with all transportation coming out of it in some form would be a way to go also.

Senator SARBANES. I think it's worth thinking about.

I'm struck by your observation that the Europeans, who are imposing a very heavy transportation tax, in effect, take a good part of that and use it for non-transportation purposes.

Mr. FRANCOIS. The great bulk of it.

Senator SARBANES. We only did it here lately on the deficit reduction. I mean, everyone in the business at least wants to get away from that. I understand that. But we have significant transportation purposes that are not being funded out of the trust fund; they're being funded out of the general fund.

So the Europeans are sort of over there and we're still over here. We don't even have all transportation out of the trust fund.

It may make better sense, and for the industry, it may be better, all segments of the industry, as a matter of fact, it may prove out for them to work better. I'm not sure. And you may be able to get better public support for the additional levy if that's what you decide you need, because of the direct connection.

Mr. GAMBACCINI. Mr. Chairman, I would observe that, to the point you just raised, that as a practical matter, of the funds authorized out of general funds and the trust fund for transit, the ac-

tual percent appropriated compared authorized from the trust fund is 96 percent.

The percent appropriated against authorization out of the general fund is about 37 percent. So there's almost a de facto recognition of what you're saying. It's also reflective of the pressure on the general fund by other claimants.

I completely subscribe to where you're heading, to the notion that we should have a transportation fund available to all modes.

There are times when I think there's an OMB conspiracy to set the modes fighting against each other for diminishing funding.

The best interest of the country is that we have a vision of what mobility of all sorts could be, and especially intermodal connections, highways to aviation, and certainly surface transportation, rural, suburban, urban.

We're doing a terrible job of serving the needs of suburban and rural areas, without question, not to mention the inadequacies of urban service.

So we've got to think boldly about adequate funding, along the lines of the Europeans, get the taxes up enough. And sure it can be shared with other governmental purposes, including deficit reduction, but it seems to me that the priority should be a significant lift of 10 or 20 cents over the next couple of years, the next few years, and it should be applied to all the modes in a significantly enhanced fashion.

I do support improved intercity rail, intercity bus rural, and I think these are things that are woefully inadequate by any measure of what we would like this country to be in the next century, or how we compare with our economic competitors across the world.

Senator SARBANES. Well, we thank this panel very much.

I make one final observation.

Mr. Gambaccini, you talked in your statement about the buses. I think there is an important, we we're going to address it in the next panel, but important jobs and economic conversion possibility here.

If you say that the calendar year 1992 is the third consecutive year of unprecedented, severely depressed demand for new standard size transit buses, the 1992 average was less than half the 1988–89 average, and that the industry can manufacture 6,200 units per year, so that capacity utilization is only 25 percent.

Of course, you've just talked about clean buses and reliable and timely and frequent. And it just seems to me that there's a clear unmet need. These buses are produced in this country, are they not, at least a goodly number of them?

Mr. GAMBACCINI. The numbers are, by American bus builders.

Senator SARBANES. Where are they built?

Mr. GAMBACCINI. New Mexico, Ohio, several places around the country.

Senator SARBANES. There's an existing plant and equipment capacity there to turn these out, and idle workers to turn them out. And it seems to me, given the transportation needs, given the economic needs, given the defense conversion needs, it makes eminently good sense to be pushing this program now.

Mr. GAMBACCINI. Here, here.

Mr. FRANCOIS. It certainly does.

Senator SARBANES. We thank this panel very much.

You've been very helpful. We appreciate it.

If the next panel will come forward and take their seats, we'll proceed with the hearing.

[Pause.]

Senator SARBANES. If we could now move on to our next panel, the benefits of transit which has been somewhat touched on by the last panel.

We have William Roberts from the Environmental Defense Fund, the Legislative Director. Grace Crunican, Executive Director of the Surface Transportation Policy Project from Washington here. Edward Mcspedon, president and CEO of Rail Construction Corporation of the Los Angeles Metropolitan Transportation. And William Jones, general manager of the Transportation Systems Division at Westinghouse Corporation.

First, I apologize to the panel for keeping you so long, but we were interrupted by two votes that we didn't know were going to happen, as you know. I think we'll include your full statements in the record, and I've noted them.

We very much appreciate the effort that's gone into them, and the members will read them, and it's very helpful to have them. But I think maybe, at this point, if you could sort of briefly summarize your major points, then we'll have some discussion, and bring this hearing to a close.

I guess we'll just start with you, Mr. Roberts, and move right across the panel.

STATEMENT OF WILLIAM ROBERTS, LEGISLATIVE DIRECTOR, ENVIRONMENTAL DEFENSE FUND

Mr. ROBERTS. Thank you, Mr. Chairman.

I will be brief. A lot of the points that are in my testimony were touched on by the first panel.

My name is William Roberts. I'm the Legislative Director of EDF, which is a national environmental advocacy organization with 200,000 members. EDF has played an active role in recent legislation addressing surface transportation issues, including the Clean Air Act Amendments of 1990 and the Intermodal Surface Transportation Efficiency Act of 1991.

The links between the environment, energy security, global warming, and other issues are so tightly intertwined with the Nation's transportation policies that EDF, along with a number of other environmental organizations, have made reform in national transportation policy a major priority.

In 1990, with the Clean Air Act Amendments, and in 1991 with ISTEA, the Congress acted on these important links by overhauling a generation-old national transportation policy that largely ignored the environment, particularly its impact on clean air.

Since the enactment of the Clean Air Act and ISTEA, we've heard some complaints about the potential costs of compliance, particularly with the Clean Air Act Amendments. In our view, these complaints miss the mark. The real tragedy is the cost our Nation will incur if we continue with business as usual.

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Our current transportation relies predominantly on the most inefficient and costly mode of transportation, the single occupant automobile. By simply leveling the playing field and imposing on automobiles the real costs of driving, vehicle use will decline and air quality will improve.

In our view, policies that promote economic efficiency will result in environmental improvement. Therefore, lowering overall transportation costs will lower environmental costs.

Although we recognize that this subcommittee is most concerned with the specific role of transit in our transportation infrastructure, it's important to understand the important links between transit and its much bigger brother, highways.

In many ways, the success or failure of transit, as you pointed out in your comments and the first panel, depends overwhelmingly on the way we treat highway use. For this reason, EDF urges the subcommittee to focus on the factors that affect the demand for transit, as well as those that affect the cost. As long as we tolerate policies that are heavily biased toward the automobile, transit will suffer a competitive disadvantage and will be fighting an uphill battle, regardless of the level of Federal financial support.

Assessing transit needs or costs, without assessing transit demand, which is itself a function of transit's competition, leaves out important policy options for the Congress.

Although EDF strongly supports additional Federal support for mass transit, the Congress can do as much or even more to help transit by refusing to play favorites. Thus, it's with an eye toward economic efficiency and a level playing field that EDF presents this testimony.

I just wanted to make a couple points in summary from our testimony, that we think are important to understand here.

First, clean air implications of transportation, which is what the Clean Air Act and many of the reforms in ISTEA are all about. Literally tens of millions of Americans today breathe unhealthy air in over a hundred metropolitan areas.

Your home State of Maryland, for example, has one of the most severe air pollution problems in the Baltimore metropolitan region, that stretches way down here to Washington. The need for action is overwhelming.

While factories and other so-called stationary sources contribute to air pollution, the principal source of pollution for many communities is the automobile.

Over the years, the Federal Government has tried to control the emissions from cars through ever tighter emissions standards, and most recently through the promotion of cleaner burning gasoline and alternative fuels.

While we believe these are critical restrictions, as vehicle trips increase at a rate of three to four times the rate of population growth, it's only a matter of time before these improvements in automobile design are overwhelmed by more people driving longer distances more often. As a result, we applaud Congress and the President's efforts to amend the Clean Air Act to address automobile use.

Everyone agrees that these requirements are very demanding. They were enacted to deal with an equally demanding national

health problem, urban smog, but they were not adapted in a vacuum.

Congress imposed these requirements as an overlay on an extensive and complex transportation system, a system tilted heavily in favor of the source of much of the nation's air pollution problem, the single occupant automobile.

We believe, as was pointed out in the first panel, that much of the costs of automobile travel are not borne by drivers. From congestion to parking to air pollution, in the hundreds of billions of dollars, according to a recent study by the World Resources Institute, drivers do not bear the cost of transportation.

We are in effect providing enormous subsidies to the use of the automobile, which will continue to make transit ultimately non-viable in a lot of urban areas.

In our view, any effort to send the correct price signal should begin with the Federal Government. If it's Federal policy to have clean air and to promote the efficient movement of people and goods, the Federal Government must be prepared to get its fingers off the scales of competition in transportation.

We were very strongly supportive of the reforms Congress made to ISTEA, many of which swept aside these biases. Specifically, ISTEA provides critical new funding flexibility, which, as we heard a little earlier, can provide substantial funding for all modes, but provides for fair matching formulas for transit and apportionment formulae that do not penalize efforts to reduce vehicle miles of travel, and a planning process, a very important planning process that requires a much broader look at transportation needs.

While these are important changes in direction, the implementation of ISTEA is a critically important issue for this community to take a look at. As Mr. Gambaccini pointed out, how much flexibility we have, how successful ISTEA's planning process is, depends on implementation. We are heartened here that this subcommittee will be taking a look at ISTEA implementation issues in the future.

What can we do at the present? Many of these reforms Mr. Francois pointed out are going to take many years, possibly decades.

We believe two measures should be taken immediately. We strongly urge you to ensure that transit gets at least 20 percent of the 2½ cents in gas tax revenue slated to return to the Highway Trust Fund. We understand the Clinton administration has expressed its intention to retain the 20/80 split in its budget recommendations with some form of borrowing authority for the highway account if that account becomes depleted.

We strongly support this proposal and would only urge this activity to make sure that borrowing authority is carefully circumscribed. We also, as well as everyone else, I think, on these panels strongly support full funding for the transit portion of ISTEA. We support efforts of the Clinton administration to increase mass transit funding in a stimulus investment program. Indeed, we encourage the Congress to improve on the President's investment package by treating transit in the same way as highways, by fully funding transit to authorized levels.

ISTEA struck a careful balance in Federal spending between highways and transit and fully funding ISTEA means that transit as well as highways must receive funding at authorized levels.

The task of achieving a balance between transit and vehicle use is substantial, but the potential rewards are significant. Allowing market forces to reduce our dependence on the automobile will reduce traffic congestion, lower energy consumption, reduce deterioration on our highway system, and more efficient transportation of goods as well as people. Ultimately a change in the way we invest our transportation infrastructure will improve the environment rather than worsen it. We will be protecting public health, improving the livability of our cities, and increasing national productivity.

We welcome the opportunity to present this testimony and are ready and willing to answer any questions you might have.

Senator SARBANES. Thank you very much for a very interesting statement.

Ms. Crunican.

STATEMENT OF GRACE CRUNICAN, EXECUTIVE DIRECTOR, SURFACE TRANSPORTATION POLICY PROJECT, WASHINGTON, DC

Ms. CRUNICAN. Thank you, Mr. Chairman. This will probably go smother if I read it, but I am going to take you at your word and just give you a couple of opening comments. Some of what I have been asked to talk about has been covered by the other speakers.

The Surface Transportation Policy Project is that broad-based coalition that was referenced earlier of environmental, recreational, institutional, design, historic preservationists, bicyclists. You pretty much name it. And we have been working with them over the last 2 years.

The Surface Transportation Policy Project is dedicated to transportation policy that is environmentally sound, provides for economic competitiveness and sustainability, takes energy conservation into account, and is dedicated to community enhancements. The goal that we are interested in is not transit and not highways. The goal is livable communities.

We often say that transportation makes a great servant but a lousy master. Unfortunately, over the last 40 years of investment, we have had transportation in the driver's seat, so to speak, rather than as a supportive factor toward the goals of a more livable community.

I think it is important, as we consider transit's contribution to the community, that we consider all of it. Issues like mobility for the commuter in both the central city and the suburbs, mobility for the disadvantaged both economically or physically. Transit is a great tool in terms of the implementation of the Americans with Disabilities Act, implementing their goals. It is a great tool for implementation of the Clean Air Act. It is a tool at the local level for land use and growth management planning. It also provides an alternative travel for those that do not own cars or are unable to drive cars, including rural farm residents and those that are both too young and too old to drive.

Transit is also a means for health care. In recent surveys on health care issues, the issues were not whether immunization was available, but instead how people could get to the immunization services. And in a combination of some of the above-mentioned

items, transit is a big asset in terms of reducing our dependence on foreign oil imports, which helps our world competitiveness.

The two key issues that I think are important for the committee to consider in terms of transit and its competitiveness or its ability to contribute to the community are some of the issues that Bill raised on its competitiveness with the auto and also on land use. Frank Francois brought up several points related to land use.

I think that it's important for the committee to know that there are a number of experiments that are under way on the subject of land use and just generally how to best integrate transit into the livable communities agenda.

In terms of the transit, I think some of the issues that are important to take into account are bicycle and pedestrian friendly zoning and design. A person that rides the trains has to get off someplace and they have to be able to walk someplace. If they can't, demand for the auto goes up because transit basically doesn't work for them.

Also, communities are beginning to look at the balance between highway and transit. Some reference was made to parking before. But parking restrictions, parking levels—I know, I'm from Portland, Oregon, and as a former director there, we instituted a parking lid. The number of parking spaces in the city was basically capped and, over time, we had to make the system work around it.

Road pricing. There are a number of experiments out there on how we can price the roads in order for transit to be able to compete and bring down the demand for roads.

Specifically, I will take just a few minutes to describe something going on in Oregon that is a supporter of transit, and helps with the comparisons. There's an expensive bypass proposal in the State to allow Federal highway dollars to build a road outside of what we call the urban growth boundary, which designates between urban development and rural development in the State. The Federal Government, the EPA and the Federal Highway Administration together helped the state of Oregon to fund the activities of 1000 Friends of Oregon, an environmental group out there, to study how we could perhaps change the land use to reduce the demand or reduce the need for trips in order to reduce the need for the highway expansion.

In fact, what they found is that they were, in fact, able to reassemble the land use patterns around light rail lines. Taking the light rail line service into account, they could increase the ridership on the transit line and also reduce the vehicle miles traveled, which in turn reduced the number of trips required outside the urban area. So they therefore reduced the need for that highway bypass. The light rail line was going to be built anyway.

The highway is estimated to cost between $500 million and a billion dollars and so they basically were able, by reshaping the land use patterns, to reduce the need for that highway. These options—I guess we'd like to communicate that there are a lot of experiments going on out there and there are a lot of studies. And one by one, we are piecing together some options. And I see the future of the transit industry—Bill is a great representative of what they are trying to do in the transit industry. But they are also captive

of what we are willing to do as a broader community, both in terms of in individuals and in governmental structures.

And we are aware of many experiments around the country which we will talk to your staff about and we will be providing them more information on for their looking to provide a better perspective into which transit can function.

Thank you very much. We will be around for questions.

Senator SARBANES. Very good. I appreciate that statement. I think it is very helpful to have a specific example out of Portland, which you cite, in which it seems that all of the objectives can be met simply by more skillful planning and a better vision. That choice hasn't been made. That's one of the options, I take it, is that correct?

Ms. CRUNICAN. That's correct. The State Department of Transportation has adopted it as one of four options and they have not yet selected it, although the community has been working very hard to integrate.

Let me say it's not easy either. I think to make it sound as easy as I did is a disservice to the experiment under way. But the way the laws are set up in the State of Oregon, land use plans can follow the instructions or the decision process that accompanied the highway. So once a decision is made, land use laws will permit the zoning around the stations to occur. It's a long process, but I believe the comparison has to be made between what the costs would be in the region for the bypass.

Senator SARBANES. Mr. McSpedon.

STATEMENT OF EDWARD McSPEDON, PRESIDENT AND CEO, RAIL CONSTRUCTION CORPORATION, LOS ANGELES METROPOLITAN TRANSPORTATION, LOS ANGELES, CA

Mr. MCSPEDON. Thank you, Mr. Chairman. Thank you for inviting me to speak to the committee today.

My name is Edward McSpedon, and I am president and CEO of the Rail Construction Corporation. We are the engineering and construction subsidiary of the Los Angeles County Metropolitan Transportation Authority. I, too, will attempt to abbreviate my remarks in the interest of time today.

Los Angeles is a city of extremes. We have the Nation's worst traffic congestion, we have the Nation's worst air quality, but we also have underway the Nation's most ambitious public transportation development program.

In 1990, we opened the first of our rail lines in our regional rail system, the Metro Blue Line. It runs 22 miles and connects the two largest cities in the county, Los Angeles and Long Beach. Today, it carries an average of 38,000 riders per day, making it the second highest ridership light rail line in the United States, second only to San Diego, another highly successful southern California transit story.

Of the riders on the Blue Line today, some 25 percent of them are former automobile users. The greatest constraint to additional blue line ridership today is the lack of park-and-ride spaces in our parking lots. We are now engaged in a Phase II expansion and development program of park-and-rides so that people can get aboard the train and ride.

In 1992, we opened the first legs of our Metro Link system, a five-county commuter rail system that went from concept to reality in 2 years. It opened in October 1992. It has been seeing increasing ridership for the 4 or 5 months that it has been in service. And for the first time, it provides a viable alternative for those long-distance commuters into downtown Los Angeles.

In January 1993, we opened the Metro Red Line, the first link of our heavy rail subway project, the only element of the regional rail system that is federally funded. And we are most pleased to have the Federal participation on this link. This is the backbone of the overall regional transit system. I want to personally express our thanks to this committee for their assistance in bringing about the Federal partnership that's enabled us to move ahead with the subway project.

The Red Line opened on January 30, 1993, 8 months ahead of schedule. Although it is only just the beginning, it is the first downtown portion of the system, last week we had our millionth rider. Further, the opening of the Red Line has increased ridership on the Blue Line and has also increased ridership on the Metro Link lines as these lines begin to link up and form a synergy of added options and mobility choices for our riders.

We have under construction currently the Metro Green Line, which is a 20-mile rail line largely being constructed in the median of what will likely be the last major freeway in Los Angeles County, the Glenn Anderson I–105 freeway. This is a unique, multimodal facility with rail line down the median, mixed occupancy vehicle lanes, and high- occupancy vehicle bus express lanes, all included in one facility. In addition, this facility will access the LAX airport in the near future as the rail line is extended up into that region.

The rail line also will tie into the aerospace heartland of our Nation, the El Segundo area south of LAX airport. We have under way in total of 400 mile rail transit system. It's akin in scale and magnitude to the freeway construction program of the 1950's and 1960's. We are building what will be the second largest rail transit system in the United States, second only to New York, and we have under way a 30-year, $183 billion transportation development expansion and improvement program currently in Los Angeles.

This program is unique in that it is largely locally funded. About three-quarters of our funds are generated by the city, county, and State of California taxpayers. The Federal Government is participating to about 25 percent of the total costs, however those 25 percent of those dollars are critically important to our ability to move the program.

Increasingly, our transportation program is being called upon to do more than build mobility options for Los Angeles residents. Residents and community leaders are looking to the MTA to develop new manufacturing opportunities, to provide long term jobs and trade skills, to enhance mobility and accessibility to southern California businesses, to develop opportunities for minority and women-owned businesses, and to help interconnect our communities. Very specific investments which can be made that are critical to the economic health of our region, creating a significant number of jobs in the process.

I would like to touch on a few of these with you today. First, the Alameda corridor. The economy of Los Angeles and the western United States is tied to a competitive port system. Expanding landside access to port infrastructure to handle the increased cargo that passes through the ports of Los Angeles and Long Beach, which are now the number one and number two ranked ports in terms of volume in the United States, will support existing jobs and create new ones.

Investment in public transportation helped to drive the economic engine of Los Angeles during the past year. Faced with civil unrest, high unemployment, and a dim economic forecast, transportation was without a doubt a bright spot in an otherwise most difficult year.

Last year, the MTA, as I said earlier, approved a transportation blueprint for Los Angeles's future, a $183 billion, 30-year integrated transportation plan to build and expand an infrastructure that, for too long, has depended upon the automobile as its primary source of travel. Investing an average of $3.5 billion in the local economy each year, the program will be 74 percent locally funded.

This local effort augments the investment by the Federal Government to deliver transportation programs for LA. This investment will produce nearly two million jobs over the course of the next 30 years for Los Angeles County and almost four million jobs nationally.

I've provided a chart which identifies the employment impacts of our 30-year plan. On an annual basis, we're talking about 66,000 local jobs and 125,000 national jobs from our transportation program alone. There's also a need toward developing a national transportation technology policy.

The Federal Government, through the leadership of the Clinton administration, has the opportunity to invest in and support the restructure of American companies in order to participate in the resurgence of a domestic surface transportation industry. Los Angeles is considered by many to be at the forefront of this effort. By developing a program that has teamed four rail car manufacturers with six high-tech aerospace defense firms, specifically Rockwell, Hughes, TRW, Northrop, AAI, and Lockheed. These teams have each submitted a proposal to build an 87-car light rail order.

In addition to being awarded a contract to build the 87-cars, the winning team will also be awarded $10 million to develop at least three advanced transit products. We are looking to capitalize on one of our Nation's strengths, the development of advanced technologies, and transfer the wealth of knowledge and decades of investment in aerospace and defense companies to surface transportation.

Some of the proposed technologies which have been developed for the defense industry have surface transportation applications and could include a new lightweight composit material that can be used for bus shells or advanced braking or propulsion systems. There is no doubt, however, that these conversion programs will only be moderately successful unless bolstered by the Federal Government.

Supporting the conversion of impacted industries into surface transportation is necessary and critical to strengthening a dwindling job base in both the high tech fields and among existing

transportation component suppliers. Your continued commitment to surface transportation is important nationally, a problem nowhere more important than southern California.

Comprehensive surface transportation industry promotion can help guarantee that as we build the national transportation system, American workers and companies new and old will benefit to the maximum extent possible. Transportation will continue to be one of the cornerstones of economic development. As we move into the 21st century, we will connect our cities, indeed the country, with a well-planned investment in America's future.

Thank you, Mr. Chairman.

Senator SARBANES. Thank you very much.

Mr. Jones, we would be pleased to hear from you.

STATEMENT OF WILLIAM JONES, GENERAL MANAGER, TRANSPORTATION SYSTEMS DIVISION, WESTINGHOUSE CORPORATION, BALTIMORE, MD

Mr. JONES. Thank you for the opportunity for appearing here today. As you know, I am William S. Jones, vice president and general manager of the Transportation Management Systems Division at Westinghouse Electronic Systems in Baltimore.

Mr. Chairman, 2 weeks ago you were at Westinghouse with President Clinton viewing our progress in defense conversion and dual use technologies. One of the systems you saw was the application of this technology to the transit industry. The system you saw allows transit operators to keep track of all their buses, measure their adherence to schedules, and dynamically adapt the allocation of those resources to the needs of the riding public, all in real time. It's called Computer Aided Dispatch and Automatic Vehicle Location.

This system derives directly from defense technology. The location system uses the global positioning satellite system deployed by the Department of Defense, and used so successfully in Desert Storm. The dispatching functions that are done on computer are an adaptation of software that was developed for air defense and air traffic control purposes. Instead of tracking airplanes, we're tracking buses and integrating those functions into a communications network. It's kind of a skill set that's been developed over 50 years of providing sophisticated electronics systems to the military.

As you are aware, a CAD/AVL system has been operating in Baltimore now for over 2 years. We're currently installing systems in Denver and Milwaukee. Further, there are 20 other cities around the United States that are either in the procurement phase or plan to procure these kinds of systems over the next 2 years.

There are two underlying reasons for transit operators to utilize this kind of technology. First, is improving the efficiency of operating the transit systems for their customers and the taxpayers. The second is to provide better service and increase ridership for the transit systems, much to your point earlier in discussion with the first panel.

Everybody agrees that it would be desirable to increase ridership on transit systems, and some of the criteria were mentioned earlier. A transit system must be first of all reliable, be perceived as

safe by the people who want to use it. Third, be more user-friendly, and be more convenient to the public.

One of the advantages of the technology of computer aided dispatch and automatic vehicle location is it allows the operators to dynamically manage their fleets to improve schedule performance and customer service. The whole idea is to have the bus arrive at the stop when it is due to arrive there, not early or late.

For instance, in 2 years of operation in Baltimore, on-schedule performance was improved by 23 percent on the average over the routes measured, using this kind of a system. It's crucial that the riding public believe in the reliability of the system.

Second, having real time knowledge of where the vehicles are and having good communications has allowed law enforcement and other emergency services to respond much more rapidly to incidents than previously possible, thus improving the safety of both the riding public and the drivers.

All of these capabilities are of value, but the next step in this process is to provide information to the riding public. One of the major shortfalls in the transit industry is reading a schedule and how to know what bus to take or what train to take where. Right now, there are a number of information processing technologies that are being used to do strip planning, updated schedules, and making them easily accessible to the riding public. We are working on three operational test programs today in New York, Denver, and Minneapolis under the ISTEA program to test several different approaches to providing this real time information so that it's user friendly and convenient.

The operators now know what's happening on their transit system. Now we must get that information to the public. And we are using a variety of technologies. We are using telephone information centers, customer information kiosks, like the one at Camden Yards in Baltimore, down at Oriole stadium. Signs that are alterable, even cable television, to get information to the public on how best to use the public transportation system.

Ultimately, however, transit must be more convenient to use by the public. In the future, bus systems will expand their operations to be more dynamically responsive to the public. In other words, go where the riders are instead of having the riders come to where the buses are.

To manage such a system and respond to the public, you must know where your vehicles are, you must know where they're going and when they're going to be there. Only then can you respond to the demands of the public. That's exactly what this kind of technology allows you to do: dynamically respond to your customers.

The issue is not technology, per se. The technology exists today to do these things. It's the application of that technology and indeed the funding sources to provide that application for the transit authorities to take advantage of the technology to increase ridership.

Thank you Mr. Chairman.

Senator SARBANES. Thank you very much. I thank all the panel for some very helpful statements. As I indicated at the outset, the full statements will be included in the record. I have just a few questions I want to put.

First, Mr. Jones, how difficult a problem was it to switch your people? I assume they were switched from defense work to this work when you first began to develop this line of work. How difficult a transition was that to accomplish, or was it fairly easy?

Mr. JONES. Mr. Chairman, I think the problem is not switching the people. The problem is developing any brand of business. It takes time to do that.

What we have found is that we have been able to take engineers who have been working on radar and other kinds of electronics, defense electronics for our aircraft and submarines and so forth, and switch them over rather quickly. They are flexible, intelligent people. Our factory people can switch quickly.

The biggest problem is it takes time to develop a new business. We started on this business in the transit area in 1988. This year, we are deploying the first operational system in Denver. It has taken almost 5 years to develop the business where we are employing people productively, and it takes a lot of money and investment to do that.

I don't see the problem as the people issue. I think it is just a matter of how long does it take you to develop a product, bring that product to market, get it into the marketplace, and be productive in a true business sense.

Senator SARBANES. That sort of leads into a question I wanted to put to Mr. McSpedon. I am interested in this rail car issue as it developed in Los Angeles and what you think the prospects now are. As I understand it, we don't make transit cars in this country by and large; is that correct?

Mr. MCSPEDON. That's correct.

Senator SARBANES. So they are all being imported from abroad. And I take it that this provoked a big issue in Los Angeles, particularly given the increased unemployment in the space and defense industries out there. And that you have now embarked, I take it, on an effort to have the cars made in this country; is that correct? Can you tell us a bit about that?

Mr. MCSPEDON. Yes, I would be happy to. You are quite correct, Mr. Chairman. Of the rail car manufacturers in the world, and I believe there are about 22 of them who build rail cars on a major scale throughout the world, 21 of them are outside of the United States. We have one rail car manufacturer domestically, that's Morrison Knudsen, and they've only recently gotten into the new car building business within the last 2 years. Prior to that, we had no local capabilities.

Senator SARBANES. Where are the 21?

Mr. MCSPEDON. There is a large company in Canada that merged two others, Bombardier and UTDC that have now become a single company. Most of the European nations, Sweden has a large company, the French, the Italians, the Germans have several rail car manufacturers in their country. The Japanese have about four or five, and the Koreans are in the market and some of the other Asian countries as well.

That's kind of where the rail car capabilities are. The Italians as well have rail car manufacturing capabilities.

We found last year when we went out to purchase rail cars for our Green Line, obviously when you start with a deck where 21 out

of the 22 contractors are foreign, you have a high likelihood that you're going to get a foreign bidder giving you the most beneficial proposal, all things being equal. And, of course, we began to see last year the real impact beginning to set in in terms of the layoffs from the defense industry and high local concerns in the southern California area about what are we going to do with our high technology and our skilled workforce.

These rail car contracts tend to be very visible. They are large dollar contracts, and they become quite symbolic in terms of their impact in terms of where our dollars are going.

In an all-out effort of about 6 months of intensive work over 1992, we have been working to find a better way, find a way that we could purchase rail cars and do it in a way that would provide short term benefits as well as long term benefits to the local and national economy. Even given the circumstance we have, which is that we only have one local rail car manufacturer and obviously we can't give all the contracts to a single bidder.

The way we have come about this has been by spending a lot of time with the aerospace companies and a lot of time with the rail car manufacturers to find a way that we could take our rail car purchasing contracts and use them as leverage to force a marriage and/or a transfer of technology to forge partnerships wherein some of our local industry could learn about the rail car manufacturing business and where they could take some of those skills and apply them to the rail car manufacturing industry.

There was a history in this country in the early 1970's, after we got to the Moon, when a lot of our aerospace companies began to move into public transit in a big way. But back then, they jumped in as prime contractors and found, for the most part, they were getting into a business they knew nothing or little about and they had problems.

This time around, rather than try to get aerospace companies, for example, into a business that is not their business, we are using partnerships, traditional rail car manufacturers who, for the most part, are foreign companies, partnered up with U.S. aerospace high technology companies, and are using this first contract to help the aerospace companies develop applications of technology they already have to a business that they don't have experience in, and through that partnership learn more about the rail car business.

The reaction from the aerospace companies—and I've attended many of these meetings myself—has been first a reluctance to get out in a prime contractor role in a new business, because they don't have the experience to know how to pull it off, and they have long memories of previous problems. However, they do have a lot of talent, they do have a lot of technological expertise, and given this public partnership, helping hand we've extended; i.e., we are going to pay for the research and development costs to develop these applications, their feeling is that the surface transportation industry can provide a viable market and an outlet for a number of their products or their services, albeit they will not be a substitute, obviously, for the defense industry. There is no single industry that's going to subsume that demand. However, there is clearly a belief on their part that they can be viable here.

What we're going to do in this contract is, first, fund some research and development effort, take some aerospace technologies, develop applications to transportation. We are buying two test cars. We are going to buy these products and put them on test cars and actually test them on our rail system in Los Angeles. If those products prove viable, we will then be the first customer. We will buy them for follow-on options in this rail car order. And if that works out, we will then have taken an aerospace company, helped them develop applications of existing technologies to a new market, served as a testbed, and also become the first customer.

At that point, they're on their own. I think those companies know how to take it from there in terms of developing markets, national and international, we hope, in scope and nature, if they have viable products to sell. So our role here is to be a catalyst to try to bootstrap and accelerate some of this conversion. Not get into the aerospace business and not get into the R&D effort ourselves, but to use our contracts and our dollars to help some of this conversion take place.

Senator SARBANES. Do they expect any major difficulties shifting their personnel over into this line of work?

Mr. MCSPEDON. I think maybe similar to the previous comments.

Senator SARBANES. I asked Mr. Jones what his observations are.

Mr. MCSPEDON. I am not seeing that. The kind of reactions we've gotten from the aerospace companies have been several. One is, and they'll say this, they for the most part don't view one of their strengths as being highly cost competitive. Most of the involvement has been driven by the need for high degrees of reliability, redundancy, and for performance, not for low cost. They have some concerns about their ability to be competitive in national and global markets with these products. The technical expertise of the people is not a problem; it's available and it's clearly there.

I can tell you in some just brief brainstorming sessions, they have talented people who could come up with ideas and applications in a heartbeat. I think it's the way the companies are structured and the markets they've traditionally been serving and how they're able to become competitive and get themselves up and running in a business sense. That is probably the biggest concern.

Senator SARBANES. Did you want to add anything,

Mr. Jones?

Mr. JONES. Yes. I think one of the biggest obstacles is indeed the culture. It's not the people or the talents. We have the most talented workforce in the country in the defense industry, but we do have a culture that is not attuned to the normal commercial process. The way we've overcome that is we've partnered with other people in the transit industry. We've never been in the transit industry so we've partnered up with two other companies that had a history in the transit industry and could bring value to our product and went to market that way.

How you get to market is a key issue. Any time you come up with a product idea, cost is always a factor. But I think a large number of defense companies have become very, very good at building cost-effective tools. You have to be careful what you're going to select. We're not in the business of providing VCRs at Westinghouse electronics business.

So if you can match your skill set with the product and get some partners that provide some access to the marketplace and then gradually change your culture. It's much more of a culture issue than an individual talent or capability issue.

Senator SARBANES. How much is an assurance of the contracts to all of that?

In other words, you're leading your people along, so to speak, by in effect assuring them at least of the first contract, so to speak, the first large production contract; is that correct?

Mr. MCSPEDON. That is correct.

Senator SARBANES. Then after that, you're sort of saying well, from then on, you're on your own.

Mr. MCSPEDON. Our approach on this first one is again to serve as a catalyst to help the companies make the transition. They're in the business of marketing, selling, developing their products.

However, I might add, this first rail car contract we see as just the first tip of the iceberg for us, as well. We would like to follow this up quite quickly.

We have four teams proposing for this. Only one will be successful. There'll be three teams who are not successful, each of which has a number of aerospace companies on it.

Our review to date of the proposals submitted indicates that there are a tremendous number of very creative, and we think high probability ideas that these firms are coming up with.

We would like to follow this first contract up right away with another, strictly R&D applications development project, to pick up on some of the other good ideas that we simply won't be able to pick up in this first go around. So we would hope that there will be more that we can do. This is just the beginning for us.

This is an area in particular where we could use some Federal help we think. We are positioned in Los Angeles to deliver on the promise here of helping some of these firms get into new markets. And with some financial assistance, we think we can do a great deal in that regard.

Senator SARBANES. Did you hear the exchange this morning with Mayor Jones about the Las Vegas system?

Mr. MCSPEDON. Yes, sir.

Senator SARBANES. What are the projections in Los Angeles? I mean you're putting a lot of money and you're talking very big money for the transit system in Los Angeles, in a culture that is, I guess the word is notorious for its reliance on the automobile.

Now of course you're under a lot of pressure because you've got the Clean Air pressures on you, which are pretty intense. But what are your projections on what the finances of your transit system are going to look like?

Mr. MCSPEDON. Well, first I'd like to say that our experience in Los Angeles has been somewhat different than the experience described by the Mayor of Las Vegas earlier. We have seen a phenomenal public response to the new transportation options that we have put in place.

As I mentioned earlier, the blue line is over capacity now. People are parking in neighborhoods on the local streets, and we're getting complaints from the neighbors about the commuters parking in

front of their homes and driveways. The myth, I think, that southern Californians are wed to their automobiles is a myth.

As I mentioned earlier, the light rail system down in San Diego has the highest ridership of any rail transit system in the United States for its size, and the highest of any light rail line. It's the only rail system in the country that has been turning a profit, or is running very close to that, largely because the border traffic and you have some of this weekend and off peak service.

Our experience in Los Angeles has been that people will ride public transit. Our bus system carries some of the highest density bus routes in the Nation. The buses in Los Angeles are crowded to the walls.

Overall, we expect that the rail system will eventually carry something on the order of half a million riders when it's fully built up, half a million riders daily.

We are modest in our goals. If we can get ten to 20 percent of our work trips off the freeways, out of the single occupant automobiles and using transit, we will greatly improve our freeway speeds. We have a great freeway system. It will continue to be the largest resource we have for moving people.

What we have to do is get that transit share up so that the freeway traffic can flow. Today we lose about half a million hours a day in lost time due to congestion on our freeways. This is a tremendous loss of productivity, and with it goes the air quality and the like.

We think that the cost of public transit is clearly an investment that we cannot afford not to make. And that the cost to society of the situation we have today is beyond calculation.

If that will give you some help. That's why we've got our voters behind these tax initiatives to fund the system in the way that they have.

Senator SARBANES. Mr. Roberts and Ms. Crunican, I'd like to hear from you all on this sort of issue. How you see, I mean, you have sort of a national view because you work more broadly across the country. I mean we've had two different stories put here in the specifics this morning.

Kind of the Las Vegas problem where they made the investment and now they're worried about getting the use of it and the public response. And now this picture in L.A. What's your view on which one is more typical of the situation across the country?

Mr. ROBERTS. Let me try and take a stab at that.

I think the premise we've been operating under, which I think has been borne out in a lot of places we've looked at, is that people act rationally. If you're going to be stuck in traffic and you're going to have to delay your trips for many many minutes during the day in the morning and the evening, you try and find alternatives.

Similarly, if you provide free parking to employees, and they can get to work for virtually no cost in a single occupant automobile, they'll use it. If you begin to charge for that parking, and this was actually done through studies in Los Angeles that compared employers who provided free parking and how their employees behaved with people who were required to pay for their parking in downtown Los Angeles. And even in a city that's not renowned for

its extensive transit system, people who had to pay for parking found a different way to get to work.

In other words, employees in those firms commuted by single occupant vehicle twenty percent less than those firms that provided the free parking.

Senator SARBANES. I have to say to you, though, I think that this negative incentive is tough going. I mean it seems to me that probably the first line of approach needs to be more in terms of positive incentives.

Although maybe you'd say, well, they just won't work unless you have the negative incentives. But the negative incentives run into a lot of controversy, and they bump right directly up against attitudes and really put you——

Mr. ROBERTS. Let me respond to that, Mr. Chairman, because I think that's an important point.

One of the examples that I thought was extraordinarily interesting and something that we think requires a lot of examination, was a proposal that was put together by a transportation expert in southern California.

Senator SARBANES. Let's pay people.

Mr. ROBERTS. What you do is you require employers to give their employees the option, instead of automatically getting their free parking space, they are given the option of turning it in and getting the cash equivalent value of that space.

What he's found—this is Dr. Donald Shoup—is that even though the employee would then have to pay income tax, he still estimates that between ten and 15 percent of the employees given that option would nonetheless still cash in, pay the income tax and pocket the difference. They value their space that little or can find an alternative that easily.

From my way of thinking, that's the kind of proposal that doesn't make the employee worse off, and it certainly doesn't make the employer worse off, and actually contributes revenue to the Federal Treasury, and by his estimates by upward of a $1 billion a year.

Senator SARBANES. Why doesn't it make the employer worse off?

Mr. ROBERTS. This is for employers who are currently providing either free or subsidized parking. The only thing the employer's doing differently is simply providing the cash value as an option to the employee.

Senator SARBANES. You mean providing it in someone else's facility, or he's got a lot out there?

Mr. ROBERTS. For a lot of employers, they either lease or own their own facilities. So in the case, for example, of a lessor, or lessee, rather, in an office building, they would also lease a whole collection of parking spaces.

Senator SARBANES. I would see it could work there. How about the fellow who's got a big lot out there in which he puts the cars?

Mr. ROBERTS. Once again, what he claims, and this is Professor Shoup's work, not ours, is for those who own their own facilities, that providing the cash value equivalent, which, for example, in the suburbs is not really that great.

The tremendous value of this is mostly in dense downtown reasons. But even where they own, what they end up doing is leasing out the space to somebody else who can use it. In other words, the

employer still has his employee trying a different way to get to work, and the space is used probably more efficiently from an economic standpoint.

So there are ways, we think, of providing incentives for everyone, and eliminating some of this, I guess what you would call a negative incentive. It's a way of really providing a more positive incentive for employees to find a different way to get to work. And they're very resourceful. What we've found is they do in fact find a different way to get to work, either by car pooling or by using transit.

Senator SARBANES. Ms. Crunican?

Ms. CRUNICAN. I let Bill answer the question because he's very well studied on the specifics of the alternatives. I would just add that I think it takes political courage to follow any of the options.

And at the local level, which is the level I'm most familiar with, you really need to confront political courage if you're going to ask the employers playing the game, which they're now required to do in some areas under the Clean Air Act, but it also takes political courage to run empty buses, if you want to get transit out ahead of the market that's there, which is what they have in Toronto, a commitment to run some of those empty buses and then create the demand.

It also takes courage to leave the roads congested, which no one seems to consider as an option. I think you need to take the broad context into account, and all of those are options.

Senator SARBANES. Mr. Jones, did you want to say something?

Mr. JONES. Just a comment in this regard.

There's a program being tried in Denver where they have a system they call Eco Pass, where they are offering companies discounts on the transit system for their employees to use it. And also they're providing information to those potential users.

One of the biggest problems with transit systems is, it's very difficult to use. If you've ever looked at a bus schedule, it's not an easy thing to do. So what Denver is doing is they're installing TV screens in the lobbies of these buildings where the workers exist, and we've put in some information systems. And it's very easy for them to figure out, bus number 22 is going to be at this stop in 1 minute and 32 seconds. And they get some feel of reliability of service. It's easy for them to find out what to do, how to get from point A to point B.

I think Denver is seeing some real reaction to that, and it is not giving up a major source of revenue, but is encouraging people to use things more efficiently.

Senator SARBANES. That's a very helpful observation, I think.

What do you think we should do at the Federal level now? Obviously we've just done a major framework piece of legislation. One of the things we need to do, and this hearing is an effort to do that, is in effect to oversee that and try to get it really functioning. I do think we need to make sure it functions.

As you point out, it reflected priorities, a reordering of priorities, and we need to make sure those get carried through and don't get cut back.

That's why we are concerned that the stimulus program with a 100 percent on highways, but only about 70 percent on transit, al-

though it did do transit, which is in contrast with previous approaches.

I also think we need to do these dual use arrangements or these sharing arrangements with the defense industry and try to move those things along, because I think there's a lot of opportunity there, as a part of the conversion strategy.

What other things need we to do at the Federal level now? A lot of this has to be done, I think, at the State and local level, obviously.

Ms. CRUNICAN. I think there are several things to do, Mr. Chairman.

One is the earlier panel said this, but it bears reiteration, and that's to fully fund ISTEA and to make sure that the transit is fully funded, not just that the highway side is fully funded.

We have some concern about the 2.5 cents to make sure that the 2.5 cents that is now going for deficit reduction, when it's returned to the highway trust fund, that there's a firm commitment to transit, not just to highways.

Senator SARBANES. I had a lengthy exchange with the Secretary of Transportation on that very issue.

Ms. CRUNICAN. Very necessary.

The other two things I would add is, we've been waiting for a long time for regulations to come out of the Federal Government on the implementation of ISTEA. That includes the planning regs, which are not out. But also to stand behind the Clean Air Act and the ISTEA's integration, and stand behind conformity regulations.

That will help as a backdrop in terms of the reality setting in at the local level that the Clean Air Act needs to be met, and the congestion management needs to be followed, and that transit has a role in delivering that congestion management.

Then last, I would say, let ISTEA work.

Frank Francois mentioned that it's been only 15 months since the bill was passed. If you're providing the Federal regs, and you're providing the pressure on the Clean Air Act, I think that the rest of ISTEA was set up, and it's a grand experiment.

And I understand that you've got hearings contemplated later, and more can be said about that. But for the most part, there's some concern on our part that we will not back away from ISTEA, but instead stand firmly behind it and give it the full six years to work itself out.

Senator SARBANES. Mr. Jones?

Mr. JONES. I think there are two things, Mr. Chairman.

First of all, you mentioned that there is some progress in dual use technologies and so forth, and yes, we have been successful in some respects. But right now there is very little money being spent on R&D. How do you apply these technologies to the transit industry?

We're spending some of our own money, but getting virtually none from any public source. Section 26 monies, there is not very much there to apply technologies on how to solve some of these problems. That's one issue.

The other thing is that ISTEA provided for public/private partnerships. And indeed today we're engaged in three public/private partnerships for the first time. In New York, Denver, and in Min-

neapolis. However, the procurement regulations make it very difficult for private industry to do that. We have no guarantees, when we're making investments in these cities, that if we are successful, and if what we do works, that we will be allowed to install the product in the city.

Rather, they are forced to go out for open bid, even after we have invested our resources, money, people, and so forth to a demonstration project to demonstrate that this technology, whatever it may be, works. They are required to go out for open bid. So that makes it very difficult for private industry.

Obviously we are hoping that we can gain a competitive edge by making some of these investments, but it is certainly limiting the amount of investment one can afford to make under those kinds of circumstances.

Senator SARBANES. Well, this has been a very helpful panel. We very much appreciate your contribution. We look forward to staying in touch and working with you in the future.

Thank you very much.

The hearing is adjourned.

[Whereupon, at 1:00 p.m., Tuesday, March 30, 1993, the subcommittee was adjourned, subject to call of the chair.]

[Prepared statements of witnesses follow:]

PREPARED STATEMENT OF SENATOR PAUL S. SARBANES

I welcome everyone here this morning. This hearing on mass transit is the Housing Subcommittee's first this year and the first hearing on transit since the passage in 1991 of the Intermodal Surface Transportation Efficiency Act, better known as ISTEA.

Today, we will examine the need for greater transit investment to meet our Nation's transportation needs. We will also focus on transit's contribution to the economy, the environment and the livability of our communities. I am particularly interested in discussing how transit might fit into our defense conversion efforts.

During the past decade, Federal funding for transit suffered drastic cuts: between 1981 and 1991, transit funding declined from $4.6 billion to $3.2 billion. This represents a real cut of over 50 percent.

While Federal assistance has been shrinking, the need for transit service has increased. Many of our urban streets and highways are clogged with traffic gridlock. Highway congestion cost an estimated $120 billion in lost productivity in 1989. More than half of our Nation's population lives in areas with polluted air—with transportation as a predominate source of this pollution. Vulnerable groups are increasingly isolated in rural areas with inadequate transit and continually declining intercity bus transportation.

Further, Congress has passed important new laws to make existing transit systems more accessible, more energy efficient, and less damaging to the environment. The Americans with Disabilities Act, the Clean Air Act, and the Energy Policy Act, place a variety of new responsibilities on the transit industry.

In passing ISTEA, Congress recognized these changing and growing needs. That landmark legislation reestablished the Federal commitment to transit with significantly increased authorization levels and greater flexibility in the use of transportation dollars. However, we have not yet realized the full potential of ISTEA. The first two years of appropriations have fallen short of authorized levels.

I am pleased by the Administration's resolve to invest in transportation infrastructure to generate both short-term and long-term benefits. President Clinton's economic stimulus package includes an additional $752 million for Federal transit programs. This is appropriate because the benefits of transit programs go well beyond environmental protection and increased mobility. Transit expansion means employment opportunities, producing jobs both directly in the transit industry and indirectly by making jobs accessible to those currently without transportation.

While the stimulus package represents a 21 percent increase over the current appropriation—this is a seachange in attitude relative to the last ten years—the President's package still falls short of full ISTEA funding for 1993. This, coupled with some other early signals from the new Administration, make me concerned that vis-a-vis highway programs, transit's role in our economy is not yet fully appreciated. I trust that today's hearing will serve to illuminate transits valuable role.

PREPARED STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I welcome today's witnesses and look forward to their testimony. During our reauthorization process in 1991, this subcommittee gathered a great deal of testimony on the needs of transit, the economic benefits of transit and the appropriate Federal role in mass transit. Today, we will review these topics again as we look toward oversight and implementation of the ISTEA (Intermodal Surface Transportation Act of 1991).

One of our panels today will discuss the economic benefits of transit. While investment in transit is an investment in our economic infrastructure, it also plays an important role in attaining national energy and environmental goals. In addition to creating jobs, transit helps our urban areas deal with the problems of reducing congestion and improving air quality. Transit also saves energy and provides a means of transportation for those who would otherwise have none.

As a strong advocate of transit and getting people to take transit, I actively supported raising the transit tax-free benefit that an employer cab offer an employee from $15 to $60. I am pleased to say that after advocating such a change for many, many years, a change was finally made. Last year, as part of the National Energy Legislation, the mass transit benefit was increased to $60. This will provide a viable means of transportation for many more people across this Nation while at the same time helping to achieve worthy national goals.

Today, we will also focus on the "estimated" needs for transit investment. A few weeks ago, the Appropriations Subcommittee on which I serve, held a hearing on this very topic. It was disturbing to hear so many different witnesses with so many different estimates of the "need" for investment in transit. As part of the ISTEA, GAO was required to review and assess four studies of transit needs. These four

studies concluded that the need for investment in transit lay somewhere between $3.2 billion and $32 billion.

Earlier this month, GAO released its findings. While it found reasons for the differentiation in the numbers, it also found that all four studies may still underestimate the true need for transit investment because they did not take into account the costs of complying with three major Federal laws: the Americans with Disabilities Act (ADA) of 1990, the Clean Air Act Amendments (CAAA) of 1990, and the Energy Policy Act of 1992.

While estimating and debating the true cost of today's need is frustrating, we must also begin to consider the cost of tomorrow's need. We must look at the investments and commitments we are making today in building new systems across this Nation and consider the impact and the question of who will pay to operate these systems over their lifetime.

We know that when localities set out to build new systems, they commit to pay all future operating costs associated with that system. With today's trend in cutbacks at the local level, I question what will happen as the operating costs come on line. Will the locals be able to afford it or will they once again turn to the Federal coffers for assistance? In looking at that question I point out that today's level of operating assistance remains frozen at $802 million. As a tireless advocate for operating assistance, I can assure you that attaining even that level has not been easy. For this reason, I believe it is important to ask now, who will likely pay later.

Mr. Chairman, as we begin our oversight of ISTEA and look to the continued future role of transit across this nation, I don't expect the questions to get easier. The challenge faced by our witnesses today will be great. I look forward to their testimony and our continued discussions. Thank you.

PREPARED STATEMENT OF SENATOR DONALD W. RIEGLE, JR.

This morning the Committee will discuss our Nation's mass transit needs. Transit is vital to the health and quality of life of Americans living in large urban areas, as well as small towns. Transit reduces congestion and air pollution and provides transportation to millions of people—including low-income residents, the elderly, persons with disabilities, and youths—who otherwise have no means of getting around.

Despite the importance of transit, Federal funding declined from $4.6 billion in 1981 to $3.8 billion in the current fiscal year. By comparison, funding for key highway programs went from $9.1 billion to more than $18 billion. I was pleased that the President included transit spending as a key component of his economic stimulus plan—providing $750 million in new investment. The President's package clearly recognizes the importance of transit in local economies.

This morning's hearing will identify transit needs today and in the future. Studies show that annual transit needs far out-pace available resources. According to a 1990 American Public Transit Association survey, there are more than $32 billion in capital needs nationwide. Furthermore, this estimate does not count the $884 million to $1.3 billion necessary for compliance with the Americans with Disabilities Act or the $110 million that will be needed annually to meet the requirements of the Clean Air Act. In my home state, the Michigan Public Transit Association estimates that transit systems have an immediate need for almost $100 million in capital projects—$63 million for replacement of buses and vans; $23 million for facilities, and $13 million for non-bus transit equipment.

During the previous Administration, transit needs were vastly under-estimated. In 1990, the Federal Transit Administration estimated there were only $7.5 billion in needs. However, a recently issued GAO report criticized these estimates and recommended making projections more reflective of future costs. Now that we have an Administration that understands the importance of transit, it is likely we will see more realistic assessments of need which are key to sound policy-making.

In examining transit needs, I believe it is particularly important to focus on the needs of systems that rely on buses to meet the transit needs of local residents. There are over 5,000 transit systems across the Nation and 99-percent of all systems use buses as part of their transportation network. Sixty-five percent of the more than 9 billion annual passenger trips nationwide are made using buses and vans. It is estimated that during the six year authorization period of the Intermodal Surface Transportation Efficiency Act almost 70,000 buses and vans will need to be purchased or rehabilitated and 1,140 new bus facilities will need to be developed.

I commend Senator Sarbanes for holding this hearing to examine the needs of transit in making our communities livable. I look forward to future discussions on this issue.

STATEMENT OF JAN LAVERTY JONES
MAYOR OF LAS VEGAS ON BEHALF OF
THE UNITED STATES CONFERENCE OF MAYORS
ON
"PUBLIC TRANSPORTATION NEEDS AND THE CITIES"

MARCH 30, 1993

Mr. Chairman and members of the subcommittee, good morning. I am Jan Laverty Jones, Mayor of the city of Las Vegas. I'm here today on behalf of the U.S. Conference of Mayors, which I serve as the chair of the Committee on Transportation and Communications.

Thank you for the opportunity to meet with you today. Mr. Chairman, your timing is excellent. I can think of no more appropriate moment than now to put sharp focus on the role of public transportation in our cities and its needs in the future.

The Public Transportation Context

Mr. Chairman, today cities across the country have reasons to be optimistic about the future of public transportation. I believe this to be the case for three major reasons.

—*First, the Administration.* In President Clinton and Secretary Peña for the first time in a long time we have executive branch partners who understand the role transit must play in our cities and the responsibility of the Federal Government in helping cities to enhance that role. When the President chose one of our own to head D.O.T., he underscored this commitment to deploying all the Department's resources towards better transportation systems in our cities. We are hopeful that the Senate will soon conclude its work on the President's economic stimulus program, which has generous public transportation funding, so that it can be enacted in final form and begin to do good in our communities.

—*Second, the Congress.* This committee, its counterpart in the House and both Appropriations Committees have stood with the cities during our most difficult periods as we have fought to develop and evolve effective public transportation programs. This subcommittee created the first Federal public transit commitment thirty years ago. We are excited about working with you, Mr. Chairman, to build on what has been established to date and strengthen it in the years ahead. With the leadership of this subcommittee, along with Senator Lautenberg in transportation appropriations, Chairman Mineta in the House, another former mayor, and Chairman Carr in House Transportation Appropriations, mayors believe that the Congress is fielding one of its strongest teams ever in helping us to meet our public transportation needs.

—*Third, the Law.* Mayors believe ISTEA represents an historic and positive turning point in the decisionmaking and allocation of Federal resources with respect to public transportation. The promise of ISTEA is wide-ranging and includes:

1. More funds, responsibility at the local and regional level and respect for the ability of local governments to make sound choices.
2. A new commitment to manage our systems comprehensively with broad urban values taken into consideration.
3. An understanding of intermodalism as a desired approach for modern transportation systems. At the local level, ISTEA implementation is not always easy. By its very design it forces tough decisions and trade-offs. But mayors like it, we are grateful for it, we look forward to more effective implementation of it in the period ahead.

Public Transportation Needs

At the U.S. Conference of Mayors, we work closely with the American Public Transit Association and have great faith in APTA's ability to forecast future transit needs for bus replacements and expansions, rail modernization, new rails starts and related facilities. We strongly endorse their testimony to you this morning. From a broader urban perspective, I wish to forward to the subcommittee two studies recently by the Conference. The first is "Ready-To-Go," released last month the day after the President announced his economic program. At the request of Secretary Peña information was compiled on "Ready-To-Go" transportation projects from 470 cities, totaling 1,889 projects, all eligible under ISTEA, costing $3.7 billion creating 92,382 jobs in 1993 and 151,624 beyond 1993. Convention wisdom is that virtually all of this would have been in the highway area. Yet a careful examination of these two volumes indicates that a sizable portion of unmet needs exists right now in the urban public transportation.

These current needs are underscored by a new survey released by the Conference just last week, "Cities in Recession: The Need for Change," a 125 city survey. It indicates that in the period 1990–1992, 60 percent of the cities had to *raise taxes*, 52 percent had to *cut services*, 67 percent *cut city employees* and one third had to do all three. Virtually all cities indicated great difficulty in meeting the costs of environmental and other mandates.

I cite these studies not because unmet needs and fiscal distress alone make the case for a vigorous Federal role in public transportation, but simply to underscore the local fiscal context we deal with in public transportation decisionmaking.

Today in cities our planning, financing and implementation must incorporate a wide ranging set of factors, including mobility, air quality, land use, congestion, housing, changing work and family patterns and many others.

For example, in Southern Nevada, we face massive population growth with all the attendant mobility and environmental pressures. Last year a new county-wide bus system began to address this need. Within ten years we will expand it, implement transportation system management measures and develop some form of fixed guideway conveyance. We are currently examining both Mag-Lev and light rail. We will look closely at private capital investment to augment whatever public funds might be possible from local, regional, state and Federal sources. And, of course, there is a high-speed train under development between Anaheim and Las Vegas under a bi-state compact between our two states. In the next century, I believe Las Vegas will be well known for its public transportation excellence.

The Future

Mr. Chairman, I also hope that Las Vegas will be an example for other communities around the country. As helpful as we hope the Federal role will be in the years ahead, it is absolutely vital for local political leadership to work hard with the public and organize local resources to maximize participation in the planning, development, finance and, ultimately, utilization of transit. Our cities will not be healthy or competitive places to live unless we do so. I believe that prescription is relevant for cities of all sizes and in all regions.

In Summary, Three Points:

1. Our future transit needs will be vast, and we must start to meet those by doing everything possible at the local and state levels;
2. The role of the Federal Government in the future will be vital. For the short term, we must fully fund ISTEA. Longer term, we must be sensitive to possibilities to improve ISTEA during its reauthorization period; and finally
3. The nations' mayors recommit today to working in partnership with this subcommittee, the Congress and the administration to seek our public transportation future together.

Mr. Chairman, thank you again. I look forward to your questions and discussion.

TESTIMONY OF THE AMERICAN PUBLIC TRANSIT ASSOCIATION

PRESENTED BY LOUIS J. GAMBACCINI
CHAIRMAN, AMERICAN PUBLIC TRANSIT ASSOCIATION
CHIEF OPERATIONS OFFICER/GENERAL MANAGER
SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY
PHILADELPHIA, PENNSYLVANIA

MARCH 30, 1993

Introduction

Good morning. My name is Louis J. Gambaccini. I am the Chairman of the American Public Transit Association (APTA). APTA represents the transit systems that provide about 97 percent of our Nation's mass transit services. We also represent many of the manufacturers and suppliers who provide the goods and services to the industry.

I am also the Chief Operations Officer/General Manager of the Southeastern Pennsylvania Transportation Authority (SEPTA). SEPTA provides public transit service in Philadelphia and four adjacent Pennsylvania suburban counties. We also provide commuter rail services to Trenton and West Trenton, New Jersey, as well as to Wilmington, Delaware.

Mr. Chairman and Members of the Subcommittee, thank you for giving me this opportunity to testify on transportation investment needs. I have a simple, but urgent message: We need your support for complete implementation of the Intermodal Surface Transportation Efficiency Act (ISTEA), which your Committee did such a great job of shaping.

By "complete implementation," I mean full funding of the Federal transit program authorized in ISTEA, including $5.1 billion for the Federal Transit Administration (FTA) each year in Fiscal Years 1994, 1995, and 1996, and $7.3 billion in FY 1997. We ask for this level of investment not just to benefit our own industry, but to achieve progress in national goals for cleaner air, energy independence, accessible transportation, increased productivity, and job creation.

To achieve complete implementation of ISTEA, Congress must do more than just provide these funding levels to the FTA. It's equally important to give each FTA program its full authorized share of the budget. This is what the transit industry refers to as equitable funding. For FY 1994, that means $2.865 billion for Formula programs, including $1.06 billion for Section 9 urban operating assistance, $1.6 billion for Section 9 urban formula capital, $154 million for the Section 18 rural program, and $69 million for the Section 16(b) Elderly/Disabled program. It means $2.05 billion for the Section 3 Discretionary Program for major capital investments, with $820 million for New Starts, $820 million for Rail Modernization, and $410 million for buses.

Finally, complete implementation requires all government agencies—Federal, state, and local—to cooperate wholeheartedly and enthusiastically in carrying out the most visionary and forward looking elements of ISTEA. These provisions give local authorities greater control over local transportation decisions; they allow flexible use of Surface Transportation Program and other highway funds; and they call for a new way of thinking about surface transportation as the interstate highway era gives way to the intermodal era.

The transit industry is very excited about the positive steps toward complete implementation of ISTEA that have already been taken by the Clinton Administration:

First, the President chose Federico Peña to be Secretary of Transportation. Secretary Peña is a leader who understands how local areas can make transportation decisions that support economic development and solve air quality, congestion, and other problems. He is the ideal person to galvanize the Federal Government into making ISTEA work. We are very pleased by his commitment to intermodal thinking and his strong grasp of critical transportation issues.

Second, we strongly support the President's economic stimulus program. The $752 million in supplemental FY 1993 funds for transit will put thousands of people to work on needed projects that have been delayed because of critical funding shortfalls. The stimulus program takes the transit program half way to full funding. Because most of the funds go to transit formula programs, the stimulus package also moves us closer to our goal of equitable funding of individual FTA programs.

Third, we applaud Secretary Peña's proposal to extend the 2.5 cents per gallon tax on gasoline that is due to expire in 1995. Under his proposal, this tax, which now goes to deficit reduction, will be dedicated to the Highway Trust Fund. In keeping with past precedents, the revenue from 20 percent of the total, or one-half cent per gallon, will be deposited in the Highway Trust Fund's Mass Transit Account; the remainder will go to the Highway Account. The Secretary's proposal will provide badly-needed additional revenue to both the Mass Transit Account and the Highway Account.

Background on Transit Funding

The transit industry welcomes these developments because they demonstrate that the Clinton Administration shares the commitment to transit that Congress made when it passed ISTEA by overwhelming margins in November 1991.

The Administration's proposals are especially welcome because, for public transit, the 1980's were a decade of neglect at the Federal level. From 1981 to 1992, Federal funding declined by 53 percent, adjusted for inflation. In 1981, transit received 20 percent of all U.S. Department of Transportation (DOT) budget authority. By 1991, transit's share of DOT budget authority had dropped to less than 11 percent, about half of what it was a decade earlier. In 1981, highways received two dollars in Federal funds for every Federal transit dollar. In 1991, highways received four and one-half dollars in Federal funds for every transit dollar.

Federal operating assistance for urbanized areas declined by 56 percent in constant dollars between 1980 and 1992. The loss of Federal funding led to service cuts, fare increases, and more state and local assistance. Between 1980 and 1990, fares increased by 32 percent in constant dollars and state and local operating aid in-

creased by 69 percent in real terms. The rise in fares helps to account for the modest gains in ridership during the 1980's. Each 10 percent increase in fares results in a loss of 4 percent of transit riders.

In 1991, Congress moved boldly to reverse these policies of neglect by passing the Intermodal Surface Transportation Efficiency Act. Congress recognized that society would benefit in many ways from a stronger Federal role in transit. The reasons are stated concisely in a part of Title III of ISTEA, the Federal Transit Act Amendments of 1991, that your Committee added to the bill:

> Significant transit improvements are necessary to achieve national goals for improved air quality, energy conservation, international competitiveness, and mobility for elderly persons, persons with disabilities, and economically disadvantaged persons in urban and rural areas of the country.

To achieve these goals, Congress must now provide full funding of the ISTEA authorized transit program—$5.1 billion per year in FY 1994–96 and $7.3 billion in 1997. Even with full funding, Federal transit funding will remain well below 1981 appropriations levels in real terms.

Table 1: ISTEA Authorized Transit Funding ($ Millions)

PROGRAM	Authorizations FY 1992	Authorizations FY 1993	FY 1993 Appropriation	Authorizations FY 1994	Authorizations FY 1995	Authorizations FY 1996	Authorizations FY 1997
Major Capital Investment Program, Section 3:	1,345.0	2,030.0	1,725.0	2,050.0	2,050.0	2,050.0	2,900.0
New Starts/Extensions	538.0	812.0	721.8	820.0	820.0	820.0	1,160.0
Rail Modernization	538.0	812.0	666.3	820.0	820.0	820.0	1,160.0
Bus	269.0	406.0	336.9	410.0	410.0	410.0	580.0
Formula Program:	1,984.7	2,825.9	1,700.0	2,865.1	2,865.1	2,865.1	4,055.9
Urbanized Area, Sec. 9 Total	1,823.6	2,604.1	1,560.5	2,642.6	2,642.6	2,642.6	3,741.0
(Operating Limit Part Only)	(995.9)	(1,028.5)	(802.3)	(1,059.3)	(1,091.1)	(1,123.8)	(1,157.6)
Rural, Sec. 18	106.1	151.6	90.8	153.8	153.8	153.8	217.7
Elderly/Disabled, Sec. 16(b)	55.0	70.2	48.6	68.7	68.7	68.7	97.2
Interstate Transfer	160.0	164.8	75.0	---	---	---	---
Planning and Research:	109.3	157.1	85.0	153.7	153.7	153.7	217.5
Planning, Sec. 8	43.8	70.7	38.3	69.2	69.2	69.2	97.9
RTAP, Sec. 18(h)	5.0	7.9	4.3	7.7	7.7	7.7	10.9
All Other Research and Training	60.5	78.5	42.5	76.9	76.9	76.9	108.8
University Centers, Sec. 11(b)	7.0	7.0	6.0	7.0	7.0	7.0	7.0
FTA Administration, Sec. 12	37.0	50.3	38.6	49.2	49.2	49.2	69.6
TOTAL ISTEA FUNDING	3,643.0	5,235.0	3,629.6	5,125.0	5,125.0	5,125.0	7,250.0

The President's Economic Stimulus Package

APTA endorses the President's economic stimulus proposal for $752 million in additional FY 1993 capital funding for the Federal Transit Administration (FTA). This includes $482 million for distribution to states and metropolitan areas through the Section 9, 18, and 16(b) formula programs, and a $270 million increase in the Section 3 Bus Discretionary program.

The $482 million formula funding increase is especially welcome because it addresses the fact that formula assistance was cut this year by $280 million below the previous year's level. The Section 9 Urban Formula Program would receive $438.5 million in additional funds, the Section 18 Non-Urban Formula Program would receive $26.4 million, and the Section 16 Elderly/Disabled Program would receive $17.4 million. These increases not only restore these programs to their FY 1992 funding levels but bring them closer to the FY 1993 authorized level.

Let me make two points in response to some criticisms of the stimulus program.

First, FY 1993 transit funding is $3.6 billion, far short of the $5.2 billion authorized in ISTEA. The $752 million supplemental goes about half way toward bridging the gap, and that's why we call it a welcome first step toward full funding. The

stimulus program, incidentally, provides full funding of the highway program. Many members of Congress put a great deal of time and thought into ISTEA. It passed overwhelmingly—the Senate vote was 79 in favor, eight opposed. We believe that it is only common sense to support the transportation stimulus proposal that brings us closer to the highway and transit funding levels that Congress authorized.

Second, there should be no doubt that the transit stimulus funding will go to needed projects that will enable our transportation system to function more efficiently.

It is possible to combine two objectives—moving closer to full funding and creating jobs—because of current conditions in the economy and the transit industry. After a decade of neglect, we have so much work to do that transit agencies can move quickly on some of the more labor-intensive among the many projects that we have had to postpone over the years.

The formula program increases will reach all parts of the country where transit agencies can put them to good use on ready-to-go projects. An ongoing, partial survey of APTA members identifies 669 ready-to-go projects from 101 transit agencies in 32 states, the District of Columbia, and Puerto Rico with a Federal funding component of $5.3 billion. These projects would support an estimated 317,000 jobs.

In addition to major bus and rail vehicle and facility purchases, projects range from creation of new park-and-ride lots and high-occupancy vehicle lanes to the upgrading of computer systems and communications equipment to the addition of facilities needed to comply with Federal accessibility, clean air, and energy conservation mandates. In addition to creating thousands of jobs, these projects are all essential to address unmet needs and improve the efficiency of the Nation's transit systems. It is worth noting that, given today's market conditions, we in transit can obtain greater value for less money than in the recent past.

For example, SEPTA will seek funding of its Midvale garage project—a replacement facility for which we have had an application on file with UMTA, now the FTA, since 1989. It has never been approved because there has never been enough funding in the Section 3 bus program. The current garage is 80 years old, and if anyone doubts that it urgently needs to be replaced, I would be glad to show it to you myself.

The $270 million increase in bus capital funding is ideally suited to put people back to work at private-sector jobs in a critical segment of the domestic motor vehicle industry. Calendar Year 1992 is the third consecutive year of unprecedented, severely depressed demand for new standard size transit buses. The 1990–92 average annual volume was 1,560 units, less than half the 1980—89 average annual volume of 3,252 units. The industry can manufacture 6,240 units per year, so the 1990–92 capacity utilization is only 25 percent.

With the $270 million in supplemental FY 1993 bus discretionary funds, we can replace obsolete buses and speed up compliance with Americans with Disabilities Act (ADA) and Clean Air Act requirements for clean-operating buses that are accessible to people with disabilities. The demand for new buses far exceeds the available funds. The transit industry, nationwide, operates some 55,000 standard size buses. An estimated 12,000, 22 percent of the total, exceed the 12-year age at which the FTA recommends replacement. Some 40 percent of small buses and vans in use exceed age for recommended replacement.

In the partial survey of transit ready-to-go projects mentioned above, bus and van needs account for $833 million worth of orders with the potential to create 35,640 jobs in FY 1993. In other words, transit systems are ready to place bus orders with U.S. manufacturing firms worth more than three times the dollar value of the proposed bus capital funding increase.

In the longer run, the health of this U.S. industry will depend on continued commitments for increased investments. Manufacturers will not hire new employees and invest in new plant and equipment if they do not believe there is a long-term market for their products.

APTA's comprehensive Capital Needs survey, conducted in 1990, identified an annual requirement for 8,270 buses, with a cost estimated at $2 billion per year. Looking to FY 1994 and future years, full funding of the ISTEA-authorized Section 3 bus capital program ($410 million per year in FY 1994–96 and $580 million in FY 1997) must be regarded as a minimum level essential to sustain the domestic bus industry. With this funding level, production will come closer to full capacity and bus manufacturers will be able to offer their employees greater long-term job security.

Long-Term Investment Needs

ISTEA created a carefully balanced program designed to meet the transit needs of urban, suburban, and rural areas in every region of the country. Full funding of

each individual program at its authorized level is essential if the transit industry is to reach its full potential to help solve many urgent national problems. If we don't achieve full funding of ISTEA, or if some individual components of the Federal transit program receive less than their authorized amounts, it will be far harder to achieve progress on these national priorities.

APTA's comprehensive Capital Needs survey found that the transit industry needs $90.8 billion from all sources to fund capital investments over the six-year period 1992–1997. These funds, which are needed for new facilities and modernization of existing ones, will support thousands of jobs for private businesses in the transit industry. Every $100 million in transit spending supports 5,800 jobs. The $90.8 billion includes:

- $26.2 billion for new fixed-guideway transit services, including busways; high occupancy vehicle (HOV) lanes; and commuter rail, heavy rail, and light rail facilities;
- $20.7 billion for 63,800 new vehicles, including 49,610 buses and 4,660 heavy, light, and commuter rail cars;
- $17.7 billion to purchase a wide range of capital items including service vehicles, computers and systems for fare collection and communications;
- $17.1 billion to modernize rail and bus stations, maintenance and other facilities, and rights-of-way;
- $5.6 billion for new bus facilities; and
- $3.5 billion to rehabilitate 18,570 buses and 11,360 heavy, light, and commuter rail cars.

SEPTA, like other older transit systems, faces a major challenge in dealing with the deterioration of our physical plant. Many of our fixed assets, such as track bed, elevated structure and rail stations, date from the end of the last century and the beginning of this century. As private operators became less profitable, they stopped investing in their fixed assets. When SEPTA was created in the 1960's, it took over private systems that needed substantial capital investments.

SEPTA has identified a 10-year capital requirement of $4.5 billion, or $450 million per year, to establish safe operating conditions and to make improvements to encourage ridership and meet new travel demands. At the time we made this finding, available resources, primarily from the Federal program, totalled approximately $100 million per year. Working with Pennsylvania's other transit systems and the highway industry, SEPTA obtained a dedicated funding source for capital investment from the state. While this provides us with approximately $100 million in new money every year, this still leaves us woefully short of the total need.

Full funding of the ISTEA transit program is critical to SEPTA and other transit agencies. SEPTA's RailWorks program to renovate or replace rail bridges, track, and equipment in one of our operating regions is an example of what we can accomplish. RailWorks was originally budgeted at $354 million in 1991. It came in below budget, on time and we doubled our goals for participation by minorities and residents of the communities affected by construction.

Meeting the Cost of Federal Mandates

Another compelling argument for increased Federal transit funding is the need to assist transit agencies in complying with the costs of Federal mandates, especially those established by the Americans with Disabilities Act (ADA) and the Clean Air Act Amendments of 1990. The transit industry supports these laws and the goals they are intended to accomplish. We will carry out our responsibilities to provide accessible transportation and to reduce air pollution, but we must reiterate that full funding of ISTEA is necessary to implement the mandates established by these laws.

As noted in recent General Accounting Office testimony to the Senate Transportation Appropriations Subcommittee [*Mass Transit: FTA's Projections Could Better Reflect State and Local Needs*, March 11, 1993], the $90.8 billion figure for six-year capital requirements could be understated because it does not fully account for:

> "(1) costs for transit vehicles to convert to alternative fuels, due to clean air or energy conservation requirements; (2) ADA requirements to make existing transit stations accessible to persons with disabilities and to provide expanded special services for the disabled; and (3) expanded transit services to meet specific transportation-related goals, such as reduced traffic congestion or improved air quality."

DOT estimates that the national, annual cost to comply with ADA transit requirements ranges from $676 million to $938 million. Costs include bus lifts, developing and operating paratransit systems, and making key rail stations, transit centers and rail cars accessible.

The Clean Air Act requires reduced emissions for many transit vehicles. The annual cost to install exhaust cleaners and upgrade fuel is $110 million. One nationwide survey of transit systems found that installation of particulate traps on the U.S. bus fleet would cost an estimated $522 million.

The ADA seeks to give people with disabilities access to transit systems that everyone else uses. The Clean Air Act seeks to reduce pollution through increased use of transit. We hope that Congress and the Administration recognize the importance of helping our industry with the costs that result from these Federal mandates. If these costs are imposed on transit riders in the form of higher fares or less service, the resulting loss of ridership will undercut transit's financial stability and its contribution to accessibility and clean air goals.

We believe that everyone should have access to modern, efficient transit systems that reduce air pollution and congestion by attracting new riders and getting them out of their automobiles. Without adequate Federal support, the reality is that transit-dependent people—including many low-income workers, senior citizens, and people with disabilities—will be consigned to shabby, inefficient transit systems. People who have a choice will use their own vehicles regardless of the consequences for pollution, congestion, and wasted energy.

Operating Assistance

Transit operations and maintenance costs are $16.8 billion per year, of which five percent is from the Federal Government. Future operating costs could increase if services are expanded or if transit agencies are forced to defer routine maintenance and replacement activities, since older, poorly maintained vehicles are more costly to operate.

This is why the transit industry is so concerned about full funding for operating assistance. Operating assistance in FY 1993 is $226 million less than the authorized level of $1.03 billion. Current formula apportionments to smaller urbanized areas in 24 states are insufficient to fund authorized operating limits. Operating aid to rural transit operators was reduced by over 14 percent.

SEPTA's budget difficulties illustrate the importance of operating assistance. Transit is very sensitive to economic downturns. In the recent recession, SEPTA, like many other transit systems, has experienced a decline in ridership. There has been a slight improvement in recent months, but we cannot be sure that this positive trend will continue until the economy fully recovers.

Due to the decline in revenues from lost ridership and the failure of Federal, State and local governments to fill the gap, SEPTA has been forced to reduce service. In the last four years, we have reduced service by about 10 percent, with the result that ridership has declined even more. We have tried to minimize the disruption to our riders. We reduced administrative staff by 300 people. We worked with our unions to reduce benefit expenses by $7 million in the first year. We restructured many SEPTA functions to reduce costs. These difficult choices met more than half of our required reductions, but we were still forced to reduce services in order to meet our budget constraints.

As we work on SEPTA's next budget, we believe it is counterproductive to cut service any further, and we know that many of our passengers would have a hard time paying higher fares. That leaves us with one alternative—increased support from our governmental sponsors. The City of Philadelphia is just emerging from near-bankruptcy, however, and the State of Pennsylvania must respond to many demands for social service programs that have been hurt by Federal funding cuts.

Full funding of ISTEA's operating assistance authorization would help solve the operating difficulties facing SEPTA and many other transit agencies. The Federal operating subsidy to SEPTA today is less than half of what it was more than 10 years ago. In FY 1981, SEPTA received approximately $61 million from the Federal Government toward our operating expenses. This fiscal year, we will receive slightly more than $27 million, or just under five percent of our operating budget. ISTEA provided, for the first time in 10 years, a mechanism to increase Federal operating assistance to reflect transit's increased cost of doing business. With every year, it becomes more urgent to make this funding available.

The Federal Gasoline Tax

APTA strongly favors extending the 2.5 cents per gallon Federal excise tax on gasoline that is due to expire at the end of September 1995. We believe that this tax, now earmarked for deficit reduction and deposited in the General Fund, should be dedicated to transportation and deposited in the Highway Trust Fund (HTF). At least 20 percent of this tax, or one half cent per gallon, should be designated for the Mass Transit Account (MTA) of the Highway Trust Fund.

We are very pleased that Transportation Secretary Peña has proposed to extend the 2.5 cents gasoline tax and dedicate it to the Highway Trust Fund with an 80/20 split between the Highway Account and the Mass Transit Account—two cents for the Highway Account and one half cent for the Mass Transit Account.

First, we applaud Secretary Peña's decision to give the Mass Transit Account 20 percent of the revenue from the 2.5 cents because it upholds a longstanding precedent. In 1983 and again in 1990, the Mass Transit Account received 20 percent of the increase in gas taxes designated for the Highway Trust Fund. In 1991, Congress reaffirmed the 20 percent minimum when extending the 1983 and 1990 tax increases in Title VIII of ISTEA.

Secretary Peña's proposal sends a strong message of Federal support for transit and other high-occupancy modes of travel that are essential to clean up the air, reduce energy use, control traffic gridlock, rebuild our cities, and meet the mobility needs of all Americans. This is especially valuable right now, since local areas are developing comprehensive, long-term transportation plans that comply with Clean Air Act and ISTEA requirements.

Second, the Mass Transit Account needs the revenue from the extra one half cent. APTA estimates that, without additional revenue, the Mass Transit Account's committed balance will exceed its cash balance in FY 1998. This estimate assumes full funding of the part of the ISTEA transit program that is funded from the Mass Transit Account, a very reasonable assumption given recent funding history. In FY 1993, nearly 96 percent of funds authorized from the MTA were appropriated. Overall transit funding was $1.6 billion below the authorized amount, but not because MTA appropriations fell short of the authorized level. Only 37 percent of the transit program's General Fund authorization was appropriated, and that accounts for virtually all of the shortfall.

An additional source of intense pressure to appropriate the entire authorized MTA funding level will be the growing need for Section 3 Discretionary New Start funding for major capital projects. ISTEA specifically authorizes 48 New Start projects in 23 states, with total Federal funding of $6.112 billion. So far, $1.152 billion has been appropriated for these earmarks, leaving a $4.96 billion New Start funding requirement in FY 1994 through FY 1997. As work on these projects goes forward, and new ones are proposed, the demand for New Start funding has nowhere to go but up. To the extent that these major capital projects continue to have support in Congress, there will continue to be pressure for MTA appropriations to reach the full authorized level.

After the ISTEA authorization period ends in FY 1997, we hope that Congress will address future revenue requirements of both the Mass Transit Account and the Highway Account in a fair and equitable way.

Transit's Contributions to American Life

As your Committee evaluates the Federal transit program, we ask you to remember the many benefits that public transit provides to everyone in our society. Full and equitable funding of the ISTEA transit program is essential if the transit industry is to reach its full potential to help solve many urgent national problems. These include:

- **Lagging Productivity**—Productivity growth in the U.S. has declined from an average of 1.8 percent per year in the 1960's to 0.7 percent per year in the 1980's. Investments in transit can improve productivity by allowing for more efficient movement of people and foods. Investing $100 billion for transit in the next 10 years would improve worker output by $521 billion, reflecting impressive gains in efficiency, time savings, and reduced costs. This is more than double the $237 billion in increased output that would result from a comparable investment in highways.
- **Energy Addiction**—Transportation uses 63 percent of our oil and is the only sector of the economy where oil consumption is still rising. In recent years, oil imports have accounted for as much as 70 percent of our trade deficit, and if current trends continue oil will cause the trade deficit to expand by billions of dollars more. Transit offers an alternative to single-occupant vehicle driving, which uses more energy per capita than any other form of transportation. One person taking transit to work for a year instead of driving alone saves 200 gallons of gasoline, and a 10 percent increase in transit use nationwide would save 135 million gallons of gasoline each year.
- **Job Creation**—Each $100 million investment in transit supports 5,800 jobs. In addition to the 282,000 transit agency employees, thousands of other people work at jobs supported by transit. In addition to supporting the U.S. bus manufacturing industry, transit agencies can provide a market for a revitalized U.S. passenger

rail car manufacturing industry—provided that the transit industry can meet its $1.45 billion per year capital requirement for rail cars.

- **Urban Vitality**—Transit can make a major contribution to the effort to maintain the vitality of our cities, as Philadelphia's example demonstrates. A 1991 study prepared for the Delaware Valley Regional Planning Commission, conducted by Cambridge Systematics, Inc. and the Urban Institute, found that full investment in SEPTA would return nine dollars to the economy for every dollar of investment. In contrast, failure to increase capital funding would siphon billions of dollars each year from the regional and state economies. Just as important, the study found, the elimination or reduction of SEPTA services due to inadequate investment would cause the regional economy to face increased costs of doing business, reduced business access to labor markets, higher costs of living, lower quality of life, and reduced attractiveness to visitors.
- **Air Pollution**—Up to 110 million Americans breathe air that is unhealthful, and air-pollution related illnesses add $40 billion to our yearly health care bill. By 1994, vehicle emissions will begin to rise for the first time since 1970, as more driving outweighs the gains from cleaner tailpipes. All forms of transit significantly reduce pollutant emissions compared to single-occupant vehicle driving. One person using transit for a year instead of driving alone saves 9.1 pounds of hydrocarbons, 62.5 pounds of carbon monoxide, and 4.9 pounds of nitrogen oxides.
- **Congestion**—In 1989, transportation delays wasted $5.5 billion in excess fuel and cost more than $33.5 billion in lost time in just 50 large and medium-sized U.S. urbanized areas. By 2005, delays on urban freeways are projected to increase fivefold. Transit is a vital part of the answer to congestion: It would take a line of 58 automobiles stretching six city blocks to carry as many people as a single full bus, and 900 autos stretching 95 blocks to replace a full, six-car heavy rail train.
- **Providing for Transit-Dependent People**—People who depend on transit include disproportionate numbers of low-income people and others among the most vulnerable in our society. On a nationwide basis, 27.5 percent of transit riders have incomes below $15,000. In contrast, 14.2 percent of the total population is under the $13,924 poverty line for a family of four. Twelve million families had no motor vehicle while another 31 million had just one vehicle. For many people in these households, transit is the only transportation option.
- **Rural Isolation**—For many rural residents, transit is a crucial link with work, health care, and other vital services. In some 3,091 non-metropolitan counties, transit services provide 94 million trips per year. Elderly people, people with disabilities, and people with low incomes make up a high percentage of rural transit riders, and 62 percent are women. Even with the President's supplemental request, FY 1993 funding for the Section 18 Rural Transit Program falls short of the authorized level, hampering our ability to reach the 1,200 rural counties with no transit service.

Everyone benefits from increased transit ridership. People who choose transit gain when fares are stable and service is maintained or expanded. Those who don't use transit gain something too—they drive on less-congested highways and roads. Everyone is better off when the air is cleaner and the economy is more productive.

That's why it's critical to avoid a repeat of the 1980's, a decade when transit fares increased by 32 percent in constant dollars. Transit-dependent people, many of them with limited incomes, were hard hit by these increases, which also limited transit's ability to attract new riders during the mid and late 1980's. In turn, that translated into lower average vehicle occupancy and more air pollution, wasted energy, and gridlock.

America's Surface Transportation Network

The transit industry is working to take the concept of intermodalism described in ISTEA and make it a reality. ISTEA points the way toward an exciting era in which we will build, improve, and most importantly, connect the Nation's high-capacity, shared-ride surface transportation services. We can no longer think of urban and suburban transit systems, Amtrak, and thousands of intercity and rural providers as separate, independent systems. We must think of them as a connected network that will be expanded to include high-speed rail and other future developments.

In partnership with other organizations, APTA recently unveiled America's New Surface Transportation Network. This map represents the wide range of surface transportation options in our urban centers and suburbs, rural areas, and the corridors that cross the nation. At its heard are the intermodal connections that enable people to travel from place to place using a range of transportation choices without depending on the automobile.

We will continue to explore a new vision of transportation that unites urban transit, rural transit, intercity bus, intercity rail, and high speed rail/maglev facilities. The transit industry believes that the completion of this network, truly national in scope, is as important a national priority as the ongoing expansion of our highway system.

Conclusion

The transit industry is eager to do its part in creating a transportation system that sustains economic growth, meets the mobility needs of all Americans, and achieves the goals set by Congress in ISTEA, the Clean Air Act, the ADA, and other laws. With complete implementation of ISTEA's transit program, we can move toward these goals and begin to complete the National Surface Transportation Network that unites all of our country's regions and communities.

STATEMENT OF FRANCIS B. FRANCOIS

EXECUTIVE DIRECTOR

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

MARCH 30, 1993

Founded in 1914, AASHTO represents the departments concerned with transportation and highways in the fifty states, the District of Columbia and Puerto Rico, to foster the development, operation and maintenance of an integrated national transportation system. The active members of AASHTO are the duly constituted heads and other chief directing officials of the member transportation and highway agencies.

Mr. Chairman, I am Francis B. Francois, Executive Director of the American Association of State Highway and Transportation Officials, commonly called AASHTO. AASHTO is a unique transportation organization, in that it is concerned with all of the major modes of transportation, including highways, transit, rail, aviation, and water transportation.

On behalf of AASHTO, we are pleased to respond to your invitation asking for our views on the needs of the Nation's public transportation program.

The Association believes that we must increase our support for and our investment in transit. From our examination of our transit needs, we have identified both short- and long-term needs that should be addressed. Finally, AASHTO supports a continuing and expanded Federal role in financing transit, both for capital and operating purposes.

1. The Federal-State Partnership

State transportation departments are playing a growing role in public transportation. State transit directors for each of the state transportation departments participate in the AASHTO Standing Committee on Public Transportation, which has been active in networking information among the states to assist these transit directors in their expanding roles.

The states recognize that transit funding must be increased, and they are increasingly placing their own funding behind that belief. AASHTO has recently published its 1992 *Survey of State Involvement in Public Transportation* report, a copy of which is being submitted with this statement. As shown on TABLE 3 of the report, AASHTO found that in FY 1991–92 the states collectively provided at least $6.054 billion in funding to transit. Of our 52 member departments 50 responded to the survey, and of the 50 only five states reported providing no transit funding. The comparable amount for FY 1990–91 was $4.651 billion, and in every year since 1987 the combined state investment in transit has exceeded the Federal transit program, as shown in FIGURE 1 of the AASHTO report.

As to how the state funding was applied in FY 1991–92, this is shown in TABLE 14 for urbanized areas, and in TABLE 15 for non-urbanized areas.

In urbanized areas, a total of $1.734 billion went toward capital, $2.230 billion toward operating assistance, and $447 million for either capital or operating assistance. The comparable amounts for non-urbanized areas were $22.5 million for capital, $40.7 million for operating assistance, and $37.2 million for either capital or operating assistance.

To show the level of increase in state commitment to transit funding, our survey conducted in 1988 for FY 1987–88 indicated that in urbanized areas a total of $793.6 million went toward capital, $1.914 billion toward operating and $174.9 million for either capital or operating. Therefore, for urbanized areas between FY 1987

and FY 1992, state funding for capital increased by 118 percent, funding for operating increased by 65 percent, and funding for capital or operating increased by 130 percent.

The comparable amounts for non-urbanized areas for FY 1987–88 were $7.8 million for capital, $24.6 million for operating, and $16.2 million for capital or operating. Therefore, for non-urbanized areas between FY 1987 and FY 1992, funding for capital increased by 188 percent, funding for operating increased by 65 percent, and funding for capital or operating increased by 130 percent.

2. The Need for Increased Transit Investment

The total transit expenditure for 1990 in our Nation is reported to have been $19 billion according to the January, 1993 report to congress by the U.S. Department of Transportation, titled *The Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance.* Of that amount $14.7 billion was for transit service, and capital expenditures were $4.3 billion.

As to the source of this funding, turning first to transit services, 43 percent came from the fare box, 52 percent from state and local governments, and 6 percent from the Federal Government, according to the U.S. DOT report. The U.S. DOT report also states that the Federal share of capital expenditure was about 60 percent, or $2.58 billion.

Turning to needs, the U.S. DOT report finds that over the period 1992–2011 the annual capital investment in transit from all sources should be at least $3.9 billion to maintain conditions and performance at current levels, and $6.6 billion to improve conditions and performance. Both capital expenditure levels include metropolitan expansions, and are stated in 1991 dollars with no allowance for inflation. As to what the $6.6 billion level would accomplish, the report states that it would:

> "(1) eliminate the backlog of bus and rail deficiencies; (2) maintain current transit market share; (3) add additional service to accommodate anticipated urban demand not included in the highway analysis; (4) improve transit stations to current standards; and (5) meet statutory requirements to serve disabled Americans."

The findings of this recent U.S. DOT report are compatible with AASHTO's findings contained in our September, 1988 *The Bottom Line* report, which summarized the Association's findings as to surface transportation investment requirements over the 1988–2020 period. A copy of this report is being submitted with this statement, for your convenience.

In *The Bottom Line,* the approach taken was to establish a range of needed investment in transit, for urban areas above and below 200,000. As shown in TABLE C of the report, the estimated needs were as follows:

ANNUAL TRANSIT CAPITAL REQUIREMENTS
AASHTO FINDINGS—1988–2020 [1988 DOLLARS]

Program Area	Investment Range	
	Low (billion)	High (billion)
Capital Urban Above 200,000	$2.6	$3.2
Capital Urban Under 200,000	.1	.2
Totals	$2.7	$3.4

Not included in these requirement estimates were rural capital needs, capital needs in the service to elderly and disabled persons program, and capital needs to meet the requirements of the subsequently enacted Americans With Disabilities Act (ADA). According to the U.S. DOT report, the annual capital requirements generated by these three need areas under a maintain current conditions scenario are as follows:

Rural vehicle replacements and facilities	$.112 billion
Services to elderly and disabled persons, vehicle replacement and facilities	.107 billion
ADA generated capital needs	.255 billion
Total	$.474 billion

If these additional estimated capital needs are added to the needs estimates in AASHTO's table, and if the AASHTO totals are stated in 1991 dollars, then the Association's capital need estimates are similar to those contained in the U.S. DOT report.

Short- and Long-Term Needs

The methodology to develop the transit needs included in *The Bottom Line* report is discussed in Appendix 2 to that report titled *Public Transportation Needs,* a copy of which is also attached for your use. Public transportation data were analyzed to estimate the capital and operating condition, performance and funding requirements of the nations's transit Systems at interim periods through the year 2020. Transit systems were divided into three categories: systems serving urbanized areas over 200,000 in population; systems serving urbanized areas of 50,000 to 200,000; and specialized and rural transit systems funded through Section 16 and Section 18.

Much of the analysis was developed based on the 1985 Urban Mass Transportation Administration (UMTA) *Section 15* report, the UMTA *Rail Modernization Study,* the American Public Transit Association's (APTA) *Transit Passenger Vehicle Fleet Inventory,* and the APTA *Transit Capital Needs: 1984–88* report.

It needs to be emphasized that the estimates in the AASHTO *The Bottom Line* report were deliberately conservative. Both AASHTO and the U.S. DOT report assume that generally transit will retain its current share of urban travel. If the Clean Air Act Amendments of 1990 result in efforts to greatly increase transit ridership in urban areas, then a corresponding increase in the capacity of the Nation's transit systems will need to occur. Similarly, the costs to implement the Americans with Disabilities Act (ADA) are additions to the funds needed for transit. Both of these legislative initiatives could in turn generate a large need for additional capital, to levels much larger than those currently estimated by U.S. DOT and AASHTO.

In the short term, we have need now to reduce the average age of bus fleets to acceptable levels, and to assure adequate maintenance of transit systems. These actions are necessary to assure the acceptability and reliability of service, both of which are essential if we are to keep our current riders and attract more. Once the backlog is eliminated, then any long-term program must assure that today's problems do not again occur.

As to the long term, the Congress and many in our Nation want to sharply increase transit use. To do this will require a much larger investment in transit. It is not possible now to predict where and when those investments should be made. Rather, this is one of the products that should flow out of the new transportation planning provisions of the ISTEA, both the urban and state Transportation Improvement Programs (TIPs). In addition, the Clean Air Act Amendments of 1990 will influence the future of transit in major ways, depending on the area of the nation. While we cannot now predict the long-term needs of transit, it is safe to say that they will probably be much larger than we now project.

3. GAO Comparison of Transit Needs Estimates

On March 9, the U.S. General Accounting Office released its report on transit funding needs titled *Mass Transit: Needs Projections Could Better Reflect Future Costs.* Section 3028 of the Intermodal Surface Transportation Efficiency Act (ISTEA) required GAO to examine issues concerning estimates of needs reports. GAO compared estimates prepared by the Federal Transit Administration (FTA), the American Public Transit Association (APTA), and AASHTO. A chart summarizing the results of that comparison is attached.

The AASHTO and APTA projections are higher because they include operating assistance at levels of $14 billion and $16.3 billion respectively. The FTA figures do not include operating assistance.

As indicated earlier, the AASHTO figures are conservative, and the specific requirements of ISTEA, the Clean Air Act, and ADA will likely result in the identification of additional funding needed, particularly for transit capital projects.

4. Federal Role

AASHTO supported the increased transit authorizations contained in the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA), as well as the flexibility to use certain funding for either highways or transit, according to decisions made in the planning process. We also supported other transit-related features of the ISTEA, such as establishment of a transit research program, and efforts to provide better data regarding current activities and future needs for all modes of transportation. We continue to support these features of the ISTEA, and in particular full funding of the authorized levels of the Act for both highways and transit.

Our member departments believe there is need and justification for Federal support of transit, for both capital and operating support. A sound transit system is clearly in the national interest, and the best way to assure such a sound system is with continuing Federal support and involvement.

AASHTO's support for additional Federal funding for public transportation applies to both urban and rural areas of the nation. In rural areas, state transit officials have been working closely with the FTA Section 18 program. Under Section 18, approximately 94 million transit trips a year are provided by the rural transit network, with the typical agency providing between 25,000 and 30,000 trips a year. While in 1989, 1,161 Section 18 providers operated 10,107 vehicles across the nation, there were still over 1,200 counties that had no Section 18 program.

The Section 18 rural program should continue to be supported at the levels provided under ISTEA. This is particularly true in light of figures produced by the Community Transportation Association of America, which indicate that while Congress in FY 1993 allocated $35 per capita in large urban areas, the equivalent in rural areas is $1.50 per capita. While we certainly need to continue our commitment to transit in our major urban areas, we also need to focus on the transit needs in rural parts of our Nation as well.

We have been pleased to hear Secretary Federico Peña support full funding of the ISTEA. The AASHTO Board of Directors passed a resolution supporting full funding of ISTEA at its meeting on October 4, 1992. A copy of this resolution, PR–20–92, is attached. We welcome the $752 million in additional funding included in President Clinton's economic stimulus proposal for transit. A shorter term package to boost the economy and funding for transportation infrastructure projects is vitally needed.

We also need to look at the longer term as well, and the importance of a major investment to meet the Nation's transportation infrastructure needs, including transit. This investment is an important part of a longer range effort to support our national economy and to be competitive in the global economy.

5. Emerging Issues

AASHTO has a Multi-State Technical Assistance Program (MTAP), which is a pooled-fund project to assist state transit managers in carrying out their growing role in public transportation. AASHTO members also participate in the Federal Rural Technical Assistance Program (RTAP).

Between these two initiatives, the following issues of concern to state transit managers and transit operators are being examined:

- Better ways to meet the needs of customers to make transit attractive to new riders and to retain existing ridership.
- New ways to market transit to help potential customers better understand available service.
- New approaches to meet the requirements of the ADA legislation.
- Improved guidelines for transit financial management, particularly for transit operators in small urban and non-urbanized areas.
- Better networking of information among the transit community regarding successful innovations and approaches to meeting new legislative requirements.

AASHTO and its members departments have also been involved in the transit component of the IVHS program, known as Advanced Public Transportation Systems (APTS). This component of the IVHS effort is looking at the use of new technologies to provide timely information to transit customers in faster and more user-friendly formats. APTS is also looking at new vehicle technologies and improved operations for transit vehicles on the highway system, as well as for rail transit.

Under the APTS program, new technologies to make fare collection easier and faster, such as "smart cards," are being examined. This would ease the burden on customers, who now are often required to have exact change or use more complex payment methods. APTS is also analyzing improved technology for traffic control measures that provide preferential treatment (such as traffic signal timing and separate lanes) for high occupancy vehicles, thus reducing the delays for mass-transit and shared-ride vehicles.

We look forward to working with you and the members of your committee on efforts to provide adequate funding for transit needs in both the short term and over the longer term.

Mr. Chairman, we appreciate this opportunity to provide the Association's views on the future of our Nation's transit programs. We are available to respond to any questions that you may have.

Table 1: Summary of Transit Needs Projections

Dollars in billions per year

Needs	FTA 1992	AASHTO 1988	APTA 1990
Maintenance/replacement	$ 3.9	$ 4.4	$ 6.5
Expansion	3.6	2.0	9.2
Subtotal, Capital	$ 7.5	$ 6.4	$ 15.7
Operating	NA	14.0	16.3
Total	$ 7.5	$ 20.5	$ 32.0

Note: All figures are expressed in constant 1991 dollars. "NA" indicates that this element was not addressed.

Source: GAO analysis of FTA, AASHTO, and APTA data.

Full Funding of the ISTEA Authorization Levels
(October 4, 1992)

PR-20-92 WHEREAS, Public Law 102-240, the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), signed by the President on December 18, 1992, established a new transportation program featuring increased Federal assistance for highways and public transportation; and

WHEREAS, these increased authorization levels will still fall short of meeting America's highway and transportation needs; and

WHEREAS, the higher authorization levels were contemplated to be fully funded by Congress when it enacted ISTEA; and

WHEREAS, surface transportation programs are financed by dedicated taxes collected from users to improve their transportation systems, and any proposed reductions in funding levels will result in users receiving less than the full benefit of their contributions as well as increasing the existing Highway Trust Fund balance; and

WHEREAS, the states and other agencies, based on the authorizations of Public Law 102-240, have planned, budgeted and contracted for important transportation public works projects which will stimulate the economy and create jobs for the nation's unemployed; and

WHEREAS, the states are prepared to fully utilize all Federal-aid surface transportation funding provided to implement needed transportation improvements and continue assisting the nation's economic recovery;

NOW, THEREFORE, BE IT RESOLVED, by the American Association of State Highway and Transportation Officials (AASHTO) that in considering the Transportation Appropriations Bills, the Congress should pass and the President should sign legislation with full funding of the highway and transit programs of the ISTEA; and

BE IT FURTHER RESOLVED, that copies of this resolution be provided to the appropriate members of the United States House of Representatives and Senate, the U. S. Department of Transportation, and the President of the United States.

STATEMENT BY DAVID MARSH

EXECUTIVE DIRECTOR, CAPITAL AREA RURAL TRANSIT SYSTEM

PRESIDENT, COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

Chairman Sarbanes and members of the committee, I am David Marsh and I serve as Executive Director of CARTS, a Section 18-funded rural transit system serving a 7,500 square mile area around Austin, Texas. Our system operates 75 vehicles and provides 350,000 trips per year, about 15 percent of those involving journey-to-work or to job-training and another 25 percent providing access to health care. Our service connects with Capital Metro transit in Austin and we share terminal facilities with intercity carriers in two of our cities. We are, I hope, a good example of coordinated public transportation on an area wide basis.

I am also currently serving as President of the Community Transportation Association of America, a national organization of rural, small urban and specialized transportation providers and advocates. Our membership obviously overlaps somewhat with that of the American Public Transit Association and we are also pleased to say that a significant number of state departments of transportation affiliated with the American Association of State Highway and Transportation Officials are also organizational members of CTAA. We are glad to be able to work with both

APTA and AASHTO in making the case for public transportation and are grateful for this opportunity to appear with them before you.

What we call "community transportation" has a number of components, including more than 1,200 rural public transportation systems funded under Section 18 of the Federal Transit Act, another 200-plus transit systems serving smaller urban areas and funded under Section 9(a)(1), and a very large number of community agencies which provide specific client groups with access to a variety of social services. Some of this latter group of specialized transit providers receive capital assistance under Section 16 of the Transit Act, but nearly all of them depend on other sources for their operating funds, usually from human service programs administered by the Department of Health and Human Services.

To some extent, the existence of this "other transit network" reflects the lack of adequate funding for public transportation—a point to which I will return in a moment. At the same time, their existence provides an opportunity and a challenge—to make the best possible use of all available Federal transit resources in such a way as to develop a seamless web of transportation alternatives for our people. That is the challenge that lies behind the easily said, but not so easily achieved, concept of coordination.

One of the key characteristics of the community transportation network, and especially the public transportation part of it, is the extent to which the focus of our activities is people who have no mobility alternatives—the people we call the "transit dependent": the elderly, people with disabilities and low-income households.

Nearly 40 percent of the ridership of Section 18 providers is elderly, a share more than twice their share of the population. Operators report that 40 percent of the trips they provide are in connection with health care or other specific social services. A comparison of transit bus riders in Florida found that more than 60 percent of the ridership on the rural and small urban systems had incomes of less than $15,000, while the comparable figure for the metropolitan system was 13 percent. These figures reflect the fact that public transportation is often the vital link for transit dependent people—to jobs and job-training, to health care and to continued independence in living arrangements.

Federal Transit Administration data also make it clear that rural and small urban transit is the most dependent on Federal funds for its operations. The Section 18 network relies on FTA funds for 29 percent of its operating budget. For urbanized areas of 200,000 to a million in population, the figure is half that, and for systems serving areas of a million or more, FTA funds make up only 4 percent of the total. This means, for instance, that an "across-the-board" reduction in formula funding—such as occurred in last year's appropriations—does not really affect everyone equally. It is significantly more painful for the rural and small urban operators.

The more than 1,400 FTA-funded rural and small urban public transportation agencies provide more than 300 million trips a year, at least one-third of them in rural areas. But the availability of this alternative for travel is far from universal. In more than 900 of the Nation's 2,400 nonmetropolitan counties, there is currently no FTA-assisted public transportation service. In those counties where service exists, it is often confined to only part of the county or is infrequent in character or both. When the Census Bureau asked households in nonmetropolitan towns of 2,500 or more about the availability of public transportation, two-thirds of them reported that there is none.

This imbalance in the availability of public transportation follows the pattern of Federal transit assistance, which is itself an inheritance from a time when public transportation was associated in policy-makers' minds only with large urban areas. That this is no longer the case is shown by the Congressional decision two years ago to rename the Nation's transit agency to make it clear that it is to serve all areas. Despite recognition of that principle, it remains true that we allocate $23 per capita in transit assistance to urbanized areas of 1 million or more people for every $1 spent in rural areas. Those of us in rural transportation recognize the need for and importance of that assistance to large urban areas. We simply ask for a more balanced approach.

Personally, I believe that increased public investment in public transportation in rural and small urban areas as well as in large metropolitan centers really represents an attempt to recreate something that existed in this Nation to a far greater extent fifty years ago. That is a real range of mobility opportunities for people in all areas. Fifty years ago, we had passenger train service throughout the country and not just in a few major corridors. We had a network of intercity bus service that was even more widely available. And we had light rail systems and interurban trolleys in and connecting small towns. Since then, we have become almost totally dependent on a single mode of transportation: the private automobile. If

intermodalism means anything, surely it means providing a choice of modes to more Americans. And, if we are serious about investing in our human resources, we need to remember that this means investing in their mobility as well as in their health and education. In terms of national transportation policy, we need to recognize that isolation is as critical as congestion. Indeed, in rural areas especially, overcoming isolation is essential to facilitate the investment in health, education and jobs.

Thanks again for this opportunity to appear before you and I will be happy to respond to any questions you may have.

Attachments: 1993 Policy Statement and Recommendations, CTAA Selected Community Transit Fact Sheets.

1993 CTAA POLICY STATEMENT AND RECOMMENDATIONS

Policy Statement

Current transportation policies and funding priorities have failed to meet the basic mobility needs of many Americans, especially the needs of transit dependent individuals in both rural and urban areas. Compared to other advanced nations, the United States devotes a disproportionate share of its transportation resources to the construction of highways, at the expense of building a truly accessible and affordable public transportation system.

Between 1992 and 1997, for example, the Federal Government will invest $4 on highway projects for each $1 it spends on passenger transportation. Over the last 12 years, transit funding has declined significantly—both in real terms and in relation to highway and other domestic spending. This bias continues to be reflected in this year's appropriations, which funds highway programs at 90 percent of the amount authorized under ISTEA, but provides less than 70 percent of the level authorized for transit assistance.

Federal funding for public transportation is clearly inadequate. Moreover, transit funding priorities do not put the needs of people first, but instead concentrate on costly rail and other infrastructure projects in a few urban centers. Consequently, large segments of our population and whole sections of our country have been bypassed. In FY 1993, for example, almost 50 percent of all Federal transit assistance will go to build or modernize rail projects in just 15 cities.

On a per capita basis, the Federal Government invests over $23 per person for transit assistance in our largest urban areas for each $1 it spends in rural areas. One result of this imbalance is that nearly 40 percent of rural Americans today live in communities that receive no public transit services.

Need for Reform

CTAA and its members believe that fundamental reform of our national transportation policies is urgently needed. As a Nation, we need to ensure that all citizens have access to jobs, education and health care and other essential services. Funding priorities should be overhauled to assure that basic mobility services are available to the people who need them most. At a minimum, we should start with the recognition that overcoming isolation is as important to the economic and social well being of this society as reducing congestion.

Policy Recommendations

This year, we urge the Congress and the Clinton Administration to take immediate action by implementing the following recommendations:

Legislative Positions

1. *Full Funding:* We support full funding of all transit programs at the levels authorized under the Intermodal Surface Transportation Efficiency Act (ISTEA).

2. *Clinton Economic Stimulus Proposal:* We support the transportation proposals contained in President Clinton's economic stimulus package. The proposal will better meet the needs of America's smaller communities if the following recommendations are incorporated:

- Formula funding for small urban and rural areas should be available for operating as well as capital assistance, depending upon local needs;
- Local matching requirements should be waived or modified to expedite the use of these stimulus funds.
- The Administration must assure that sufficient discretionary capital funds are made available to smaller urban areas and rural communities.

3. *FY 1994 Transit Appropriations:* In addition to fully funding ISTEA, we support the following actions:

- Establish a legislative mechanism for assuring a more balanced funding mix between operating and capital assistance. At least $1.50 in formula assistance should be available for each $1 of discretionary capital funds.
- Fully fund FTA's research and planning program as authorized under ISTEA, including the full share authorized for the Rural Transit Assistance Program (RTAP).
- Provide second-year funding of FTA's JOBLINKS demonstration project to support improved access to jobs in areas of high unemployment.

4. *Field Hearings:* We urge both the House Public Works Committee and the Senate Banking, Housing, and Urban Affairs Committee to hold field hearings this year for the following purposes:

- To monitor the implementation of ISTEA and the Americans with Disabilities Act (ADA); and
- To gather information about the special transit needs of smaller urban and rural communities (such as access to health care, jobs and retraining services);

5. *Human Services Transportation:* We urge Congress to adopt legislation designed to improve access to human service programs by all eligible recipients and to improve the coordination of HHS transportation resources and services.

Administration Policies

1. *Staffing:* We support President Clinton's efforts to shape a diverse Federal workforce at all levels. In addition to reflecting the entire American society, Administration appointees should include people familiar with the needs of smaller communities as well as metropolitan concerns. In the area of transit policy, individuals who are knowledgeable about community transit issues and the needs of the transit dependent should be actively recruited.

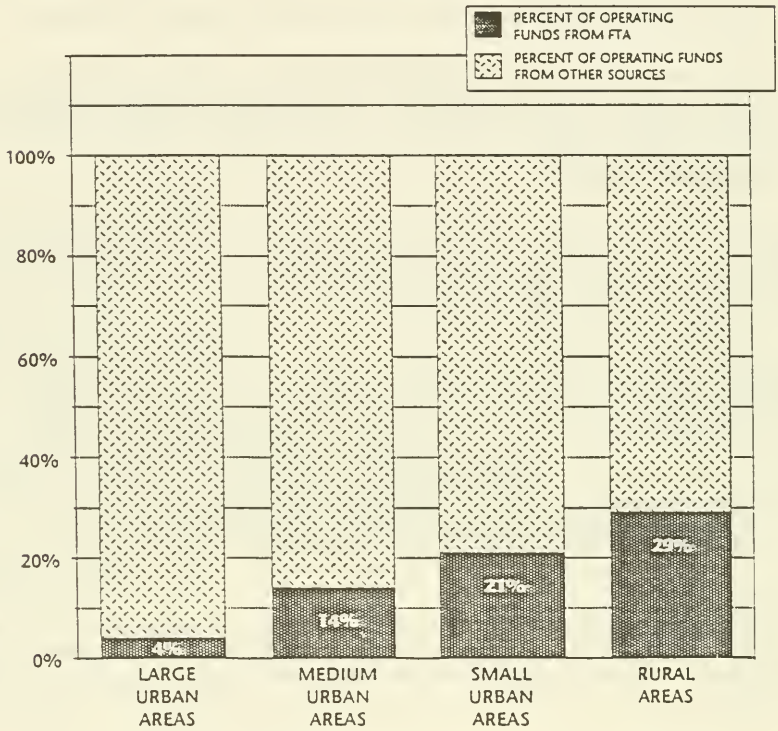
2. *Presidential Leadership:* We urge the Clinton Administration to commit itself to enhancing the mobility of all Americans, and specifically to ensure that "access to services" becomes a major component of all major domestic initiatives such as job training programs and health and welfare reform. We further urge President Clinton to immediately establish a Presidential Taskforce on Community Access.

3. *Implementation of ISTEA:* The Federal Transit Administration should take steps to ensure that the flexible funding provisions of ISTEA are implemented in all areas, including the development of a major education and technical assistance initiative to increase participation by small town and rural officials in statewide needs assessment and transit planning processes established under the Act.

4. *Alcohol and Drug Testing:* FTA should establish a special fund to help smaller transit agencies implement Federal drug and alcohol testing regulations. Special provisions should be adopted for transit agencies in rural areas that contract for vehicle maintenance services.

5. *Bus Testing:* We urge FTA to work cooperatively with the community transit industry in developing testing requirements for smaller vehicles that meet Congressional intent without causing undue economic hardship.

DEPENDENCE ON FEDERAL OPERATING ASSISTANCE BY GEOGRAPHIC AREA

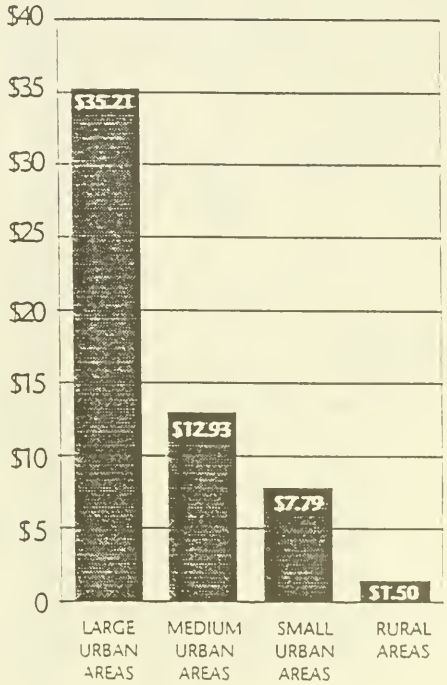


Sources: Public Transportation in the U.S.: Performance and Condition, U.S. Department of Transportation, June 1992 and Section 18: A Profile of UMTA Section 18 Rural Transportation Funding Program, CTAA, Fall 1991

COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

PER CAPITA TRANSIT EXPENDITURES BY GEOGRAPHIC AREA (FY 1993)

While Federal funding for public transit is inadequate, overall current transit funding priorities bypass large segments of the population and whole sections of the country. For example, Federal transit expenditures in our largest cities average more than $35 per capita, compared with $1.50 per rural resident.



COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

FY 1993 FUNDING OF FTA'S SECTION 18 RURAL TRANSIT FUNDING PROGRAM

There are 1,263 rural public transportation systems currently operating in the United States. They provide some service in about 60% of the rural counties. The other 40% of rural counties have no public transit.

SECTION 18 FUNDING BY STATE

STATE	NUMBER AGENCIES	FY'93 FUNDING ($000s)
Alabama	27	$2,182.7
Alaska	4	325.5
Arizona	16	1,001.0
Arkansas	12	1,744.9
California	89	4,258.8
Colorado	19	909.1
Connecticut	8	824.6
Delaware	1	205.7
Florida	42	2,737.8
Georgia	32	3,191.3
Hawaii	4	358.2
Idaho	8	722.6
Illinois	21	2,904.6
Indiana	19	2,828.2
Iowa	30	1,819.1
Kansas	97	1,447.1
Kentucky	20	2,388.8
Louisiana	38	1,975.7
Maine	12	953.4
Maryland	20	1,190.2
Massachusetts	12	1,275.5
Michigan	63	3,454.4
Minnesota	54	1,987.8
Mississippi	14	1,939.8
Missouri	30	2,315.3
Montana	11	585.4
Nebraska	57	883.2
Nevada	4	288.4
New Hampshire	5	763.5
New Jersey	17	1,091.7
New Mexico	14	858.2
New York	48	3,842.8
North Carolina	28	4,082.2
North Dakota	26	432.9
Ohio	33	4,155.9
Oklahoma	14	1,753.9
Oregon	15	1,410.7
Pennsylvania	24	4,636.0
Rhode Island	1	177.5
South Carolina	11	2,043.2
South Dakota	13	527.7
Tennessee	11	2,637.5
Texas	46	5,568.4
Utah	2	400.0
Vermont	7	471.8
Virginia	12	2,338.4
Washington	24	1,638.5
West Virginia	12	1,393.2
Wisconsin	42	2,407.2
Wyoming	44	336.7
Total	1,263	$89,666.7

Sources: Agency numbers from FTA 1992 Statistical Summary.
Fund apportioned to states from Federal Register, October 19, 1992

COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

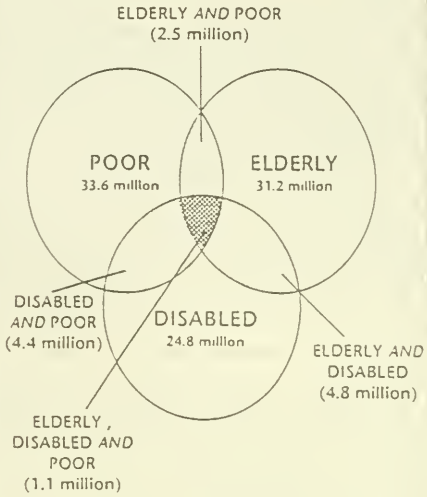
TRANSIT DEPENDENT POPULATION

The transit dependent population is made up of the elderly, people with disabilities and the poor. When adjusted for overlapping groups, the net total includes more than 75 million people, or roughly 30% of the nation's population.

COMPONENTS

GROUP	POPUL'N (000s)
Elderly, Disabled and Poor	1,129
Elderly and Disabled	4,814
Elderly and Poor	2,529
Disabled and Poor	4,389
Other Elderly	22,753
Other Disabled	14,508
Other Poor	25,538
TOTAL TRANSIT DEPENDENT	75,660

TRANSIT DEPENDENT



NET TRANSIT DEPENDENT POPULATION: 75 MILLION *(adjusted for overlapping groups)*

Sources: Elderly population (65 and older) from 1992 Statistical Abstract of U.S., Disability population from 1990 Census — unpublished preliminary tabulations, Poverty population from 1992 Statistical Abstract of U.S.

COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA

STATEMENT OF WILLIAM J. ROBERTS

LEGISLATIVE DIRECTOR, ENVIRONMENTAL DEFENSE FUND

MARCH 30, 1993

Good morning. My name is William J. Roberts, and I am the Legislative Director of the Environmental Defense Fund, a national environmental advocacy organization with over 200,000 members. EDF has played an active role in recent legislation addressing surface transportation issues, including the Clean Air Act Amendments of 1990 (CAAA) and the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

The links between the environment, energy security, global warming and other issues are so tightly intertwined with the Nation's transportation policies that EDF, along with a number of other environmental organizations, have made reform in national transportation policy a major priority. In 1990 with the Clean Air Act Amendments and in 1991 with ISTEA, the Congress acted on these important links by overhauling a generation-old national transportation policy that largely ignored the environment—particularly its impact on air pollution.

Since the enactment of the CAAA and ISTEA, we have heard complaints about the potential costs of compliance, particularly with the CAAA. In our view, these complaints miss the mark. The real tragedy is the cost our Nation will incur if we continue with "business as usual." Our current transportation policy relies predominantly on the most inefficient and costly mode of transportation—the single occupant automobile. By simply leveling the playing field and imposing on automobiles the real costs of driving, vehicle use will decline and air quality will improve. In our view, policies that promote economic efficiency will result in environmental improvement. Therefore, lowering overall transportation costs will lower environmental costs.

Although we recognize that this Subcommittee is most concerned with the specific role of transit in our transportation infrastructure, it is important to understand the important links between transit and its much bigger brother—highways. In many ways, the success or failure of transit—and thus its benefits to the environment—depends overwhelmingly on the way we treat highway use. If, as a Nation, we continue to provide substantial cost advantages to the single occupant automobile, transit will assuredly suffer. If we take steps to truly level the playing field, transit will at best thrive and, at a minimum, be competitive.

For this reason, EDF urges the Subcommittee to focus on the factors that affect the demand for transit, as well as those that affect the cost. As long as we tolerate policies that are heavily biased toward the automobile, transit will suffer a competitive disadvantage and will be fighting an uphill battle regardless of the level of Federal financial support. If we successfully remove these market distortions, EDF believes that people will rationally move toward other modes, such as mass transit. Assessing transit "needs," or costs, without assessing transit demand—which is itself a function of transit's competition, leaves out important policy options for the Congress. Although EDF strongly supports additional Federal support for mass transit, the Congress can do as much or even more to help transit by refusing to play favorites. Thus, it is with an eye on economic efficiency and a "level playing field" that EDF presents this testimony.

Transportation and Urban Smog

Before addressing the critical linkages between highways and transit, its important to understand why transportation policy is so important to the environment. In 1990, the Congress and the President completed work on a comprehensive set of amendments to the Clean Air Act. With literally tens of millions of Americans breathing unhealthy air in over 100 metropolitan areas, the need for action is overwhelming. While factories and other so-called stationary sources contribute to air pollution, the principal source of pollution for many communities is the automobile. Over the years, the Federal Government has tried to control the emissions from cars through ever tighter emissions standards and, most recently, through the promotion of cleaner burning gasoline and alternative fuels.

Although these are critical restrictions, as vehicle trips increase at a rate 3 to 4 times the rate of population growth, it is only a matter of time before these improvements in automobile design are overwhelmed by more people driving longer distances more often. In fact, the Senate Environment and Public Works Committee recognized that without additional measures to address the "use" of the automobile, the other emission reduction requirements will be overwhelmed shortly after the turn of the century. As a result, the Congress and the President included important

new changes in the 1990 Clean Air Act Amendments to address automobile *use* which underscore two major new themes on the impact of vehicle use on air quality.

First, transportation planning must mesh with air pollution planning. The CAAA contains requirements for the states to develop cleanup plans for urban areas that have failed to attain Federal air quality standards. Historically, however, transportation plans have never been considered a component of air plans. In effect, transportation planning and construction was undertaken largely without regard for air quality. The new CAAA bridges the gap between air plans and transportation plans by requiring transportation plans to meet the air quality objectives of state air plans. For example, if a state air plan calls for a 3 percent annual reduction in vehicle emissions, the transportation plan must either meet those targets or projects in a transportation plan cannot receive Federal funding.

Second, metropolitan communities face tough sanctions if they fail to comply. Prior to the CAAA, sanctions were imposed at the discretion of the EPA. Under the new CAAA, sanctions are imposed automatically against a nonattainment area if the state or nonattainment area fails to comply with any requirement under the Act. There are two sanctions that can be imposed: withholding highway funding from the nonattainment area and requiring new stationary sources in the nonattainment area to obtain 2 for 1 offsets (i.e., find reductions of 2 tons of emissions for every one ton emitted by the new source). If a nonattainment area persists in noncompliance for 24 months or more, both sanction apply.

Everyone agrees that these are very demanding requirements. They were enacted to deal with an equally demanding national health problem—urban smog. But, they were not adopted in a vacuum. Congress imposed these requirements as an overlay on an extensive and complex transportation system; a system tilted heavily in favor of the source of much of the Nation's air pollution problem—the single occupant automobile.

Getting the Price Right: Overcoming the Automobile Bias

Although several of the most egregious Federal policies favoring the automobile were eliminated in ISTEA, as we discuss below, many still remain. Recent research by the World Resources Institute (WRI) shows that literally hundreds of billions of dollars are spent each year to support automobiles, over and above the amount contributed by automobiles in the form of gasoline taxes. WRI's research convincingly debunks the notion that automobile use is fully supported by "user fees." According to WRI senior associate Dr. James J. MacKenzie "[w]e have concluded that as a result of the failure to pay directly their fair share of driving costs, American car and truck drivers are being effectively subsidized in amounts of hundreds of billions of dolls per year. The end results are artificially low driving costs and excessive levels of driving, sprawl, traffic congestion, accidents, oil imports, air pollution and greenhouse gas emissions." Here are a few examples:

Subsidized Parking. WRI found that over 93 percent of American commuters (more than 85 million workers) park free at work. This free parking benefit is worth roughly $85 billion per year and is provided as a tax-free benefit under U.S. tax policy. It has been estimated that eliminating this tax subsidy would reduce solo driving by 20–40 percent and the number of cars by 15–40 percent. In fact, Professor Donald Shoup of the University of Southern California has calculated that simply giving employees the option of receiving cash for their free parking benefit will reduce driving even without changing U.S. tax policy. He has calculated that some employees would be willing to give up their parking space and take the cash, even with increased income tax liability. Prof. Shoup estimates that requiring employers to simply offer a cash benefit in lieu of parking would reduce single occupant commuting by 10 percent and increase Federal tax receipts by $1 billion per year. The National Energy Policy Act of 1992 took an important step by capping the tax free parking benefit and increasing the tax free benefit for transit, but the vast majority of parking benefits remained untouched.

Congestion. Lost productivity, increased stress, air pollution and lost work hours are examples of the costs from ever more crowded roads and highways. Some of these costs are borne by the drivers themselves, some by employers and businesses, and others by the public at large. WRI estimates the total costs of congestion at $100 billion per year.

Air Pollution. The costs of unhealthy air include medical expenses and property damages which are not paid by drivers and which WRI estimates at $10 billion per year.

Clearly, one of the most economically and environmentally sensible steps we can take is to ensure that drivers pay the real costs of vehicle use. This must be done by setting the "price" of driving at a level that accurately reflects its actual costs, as well as the "externalities" driving imposes on society as a whole. Setting the right

price would allow the market to operate more efficiently, eliminating overuse of the automobile and achieving a more efficient mix of transportation modes. Fuel efficient vehicles and electric cars would become more attractive economically, as would alternative modes of travel such as transit, bicycling, and walking. Motorists would be inclined to car pool and to drive more slowly, saving fuel, and reducing the occurrence of serious accidents.

Once pricing factors have been adjusted to accurately reflect the costs of driving, the demand for other modes of travel would increase. As this demand increases, transportation alternatives to meet the demand must be available and consumers/taxpayers will be more willing to pay for them.

But, in our view, any effort to send the correct price signal should begin with the Federal Government. If it is Federal policy to have clean air and to promote the efficient movement of people and goods, the Federal Government must be prepared to get its fingers off the scales of competition in transportation.

Reforming Federal Transportation Spending Policies

Although the estimated annual subsidies fair driving are in the hundreds of billions of dollars, it makes no sense for the Federal Government to compound this bias in its roughly $20 billion per year investment in the Nation's surface transportation infrastructure. But, for the last 30 years or more, the Federal Government has reinforced this bias.

Fortunately, Congress took major strides to clear away this bias when it passed ISTEA. In ISTEA, Congress tackled a number of major issues that have lent historical support to the automobile over other modes.

Funding Flexibility. For the first time, ISTEA allows highway funding to be used for transit in order to better serve a state's or region's highest transportation priorities. When developing plans to achieve improved air quality as mandated by the CAA, funding flexibility permits states and localities more opportunity to implement innovative programs which are suited to that area's unique transportation concerns. For instance, if a major urban area believes that the best way to reduce vehicle emissions is through major new investments in transit, it would be permitted to make those investments. If another community wanted to establish travel demand management programs, such a subsidized car-pooling, it could do so.

Clearly, transit needs can be met not only through the transit account of the Highway Trust Fund. Major funding opportunities exist in title 23 funding categories. Regrettably, the early indications are that many states are refusing to exercise the opportunity presented by funding flexibility. Last year, only $300 million out of $17 billion (less than 2 percent) of Federal highway funds were "flexed" to transit. More aggressive use of ISTEA funding flexibility provisions can provide a much needed source of funding for mass transit.

Fund Matching. Prior to the enactment of ISTEA, 90 to 95 percent of state highway investments were eligible to receive Federal matching funds, while transit projects were entitled to receive fund matching for less than 30 percent of their transit investments. ISTEA eliminated the bias in favor of highway spending by mandating a uniform 80 percent matching for transportation programs irrespective of the ultimate use of the funds.

Apportionments. ISTEA eliminated apportionment formulae that distributed funds among the states based upon VMT, which had the perverse effect of penalizing states that took aggressive steps to reduce VMT. ISTEA now apportions funds using fixed formulae which neither penalize nor reward states that reduce VMT. EDF believes that much more can be done to encourage VMT reductions by directly tying apportionments to efforts to reduce VMT. Because transit can bring about reductions in VMT, revisions in apportionment formulae to reward such investments would provide a big boost for transit investments.

Planning. ISTEA also helped transit by requiring that "alternatives" analysis, which in theory offers a useful tool to evaluate the merits of transit investments, ought to apply with equal force to highway investments. Some have charged that alternatives analysis has been used to stop new transit investments, but no comparable test has been applied to highway investments until this change in ISTEA.

The changes in ISTEA have the prospect of making significant improvements in the current imbalance between highways and other modes of transportation. However, this Subcommittee must act to ensure that these new directions are followed in any implementing regulations and guidance developed by U.S. DOT. We understand the Subcommittee is planning to hold a hearing on implementation issues involving ISTEA which could provide a forum to review the progress of these reforms.

Short Term Steps to "Level the Playing Field"

Eliminating the subsidies—direct and indirect—that favor highways over transit will take years, maybe decades, of effort. ISTEA is a positive step in the right direction, but clearly much more must be done. Although many additional reforms will require time and greater consideration by the Congress, there are several short term options that can have an immediate impact on the competitive balance in surface transportation.

2.5 Cent Gas Tax. We strongly urge you to ensure that transit gets at least twenty percent of the 2.5 cents in gas tax revenues slated to return to the Highway Trust Fund. In 1982, The Mass Transit Account of the Highway Trust Fund was created with twenty percent of the nickel gas tax increase dedicated to transit. The Budget Reconciliation Act of 1990 continued the policy of providing transit with twenty percent of the gas tax increase (2.5 cents went to transportation, of which the Mass Transit Account got twenty percent; the other 2.5 cents went to deficit reduction). The 2.5 cents now dedicated to deficit reduction is to be shifted to transportation spending. Dedicating twenty percent of the 2.5 cents would provide much needed funding for transit programs.

We understand the Clinton Administration has expressed its intention to retain the 20–80 split in its budget recommendations with some form of borrowing authority for the Highway Account if that account is depleted. We strongly support this proposal and would only urge the Subcommittee to make sure that borrowing authority is carefully circumscribed.

Full Funding for ISTEA. We strongly support full funding for the transit portion of ISTEA. We also support efforts by the Clinton Administration to increase mass transit spending in its stimulus and investment program. Indeed, we encourage the Congress to improve on the President's package by treating transit in the same way as highways by fully funding transit to authorized levels under ISTEA. ISTEA struck a careful balance in Federal spending between highways and transit, and fully funding ISTEA means that transit, as well as highways, must receive funding at authorized levels.

Conclusion

The task of achieving a balance between transit and vehicle use is substantial, but the potential rewards are also significant. Allowing market forces to reduce our dependence on the automobile will yield reduced traffic congestion, lower energy consumption, reduced deterioration on our highway system, and more efficient transportation of goods as well as people. A balanced approach evidenced by full funding of Federal transit programs will help retain existing jobs and create new employment in the public transit industry to help contribute to national economic growth. Ultimately, a change in the way we invest in our transportation infrastructure will improve the environment rather than worsen it; we will be protecting public health, improving the livability of our cities and increasing national productivity.

REMARKS BY GRACE CRUNICAN

DIRECTOR OF THE SURFACE TRANSPORTATION POLICY PROJECT

MARCH 30, 1993

Mr. Chairman and members of the committee, I want to thank you for the opportunity to appear before you to discuss the corollary benefits of transit. I am Grace Crunican, Director of the Surface Transportation Policy Project, a broad-based coalition of more than one hundred public and private organizations which joined forces in 1990 to assure that Federal transportation policy promotes the attainment of critical national objectives for the environment, economic competitiveness and sustainability, energy conservation and community enhancement.

My contribution to today's discussion is to remind us of the context in which transit fits. Transit's role in most communities is linked to several issues, only some of which are directly transportation-oriented.

I am constantly amazed at the studies commissioned to evaluate only one aspect of transit's role and then they conclude that transit as a whole has failed. It has failed to significantly decrease traffic congestion when compared to road pricing—*if* road pricing were to be implemented. It has failed to significantly improve air quality when compared with the results of mandatory vehicle inspection and maintenance programs—instead of considering them as complementary. Then there's the concern that the bus rider is only paying 26 percent of the cost of the service and that a 74 percent subsidy by state, local and Federal taxpayers is "Highway Rob-

bery," without any analysis as to what the highway is costing the community beyond the cost of pavement.

In fact, we at STPP are very concerned about service efficiencies, cost-effectiveness, clean air, congestion mitigation and issues such as mobility for all citizens including those of low-income, the elderly and the disabled.

However, instead of looking at one aspect of transit and evaluating it against options for meeting a specific goal or service, we need to look at the entire package of services and be both practical about what transit can do and mindful of the many factors that impact transit's ability to contribute its services to the community.

At STPP, we do not see transit or highways as the end goal. They are the means to a greater goal—livable communities. The definition of what is "livable" should be determined locally but, some of the component parts I mentioned earlier are applicable to both rural and urban communities. We are concerned about whether the planning for a community's infrastructure takes energy conservation, economic competitiveness, the environment, and the enhancement of a community into account. There are, of course, many other issues to consider—it is a complicated subject. However, there are simple questions that tell you a great deal about a community—like "is the community walkable?". The answer to this question probably tells you how well a person can get to his or her destination after leaving the bus—which in turn is probably a reflection on bus ridership, land density and perhaps urban design. You can literally move through dozens of factors which surround transit and its role in making communities livable. And if you're at the local level in planning and zoning you must take these factors into accounts.

There are several other speakers who will address individual aspects of transit's corollary benefits, so rather than go into detail about each, I will simply list a few services that transit provides:

- Mobility for the suburban and central city commuter;
- Mobility for the disadvantaged—economically or physically—and a tool for compliance with the Americans with Disabilities Act;
- A tool for clean air act compliance and attainment;
- A tool for land use and growth management planning;
- An alternative mode of travel for those who do not own or are unable to drive a car, including farm residents, and those both too young and too old to drive;
- A means to get to health care for many rural, urban and suburban residents;
- And, in combination with some of the above, transit use reduces our reliance on imported oil and improves our efficiency and competitiveness in the world.

I am sure if you measured any single aspect, there would be a better way to deliver any one service or meet any one goal. Transit is certainly not the sole answer to all of the needs identified above, but it is a crucial asset in moving toward their resolution and in moving toward more livable communities.

It is important to take a moment and consider not just how transit impacts the community—but how community planning can impact transit.

There are two primary issues which come to mind—the first is the position of the automobile as a competitive mode influencing infrastructure investments, and the second is land use planning. Since Mr. William Roberts has indicated that he will cover the former, I will take a few moments to comment on the latter.

There is a new land use pattern which has emerged over the past 40 years. It has, to some extent, been a result of changes in the farm economy and issues in urban living, and to some extent has been a result of car ownership and the transportation system we built. Whatever the cause, in many American communities different land use patterns have emerged than were seen before 1950. I am referring to the emergence of the suburbs.

In 1950, 23.3 percent of the U.S. population lived in suburbs. By 1970, that 23.3 percent had grown to 31.4 percent and by 1990 over 46 percent of the country's population lived in suburban areas. In 1950, 44 percent of the country lived in rural areas as compared with 22 percent in 1990. With this shift in population and in job location suburb-to-suburb commutes have risen.

Some local and state governments have responded by examining anticipated traffic projections and equating traffic demand with road needs. The equation "demand equals need" usually gets you another road or another lane added to the existing road. We have seen more roads lead to more vehicle trips (vehicle miles traveled). It is not surprising that today's land use patterns of urban and suburban areas have yielded more vehicle miles traveled. Current land use patterns are not generally conducive to making trips to the market, school or to the doctor on foot. Instead, a land use system of two to eight houses per acre has largely been designed for the vehicle not the pedestrian. There are plenty of places to park your cars but many of our 1990 communities have few convenient and accessible places to reach by bicy-

cle, transit or on foot. Instead, transit riders and pedestrian's are forced to fight an uphill battle with land use planning, urban design issues, as well as the automobile.

So where's the hope? There are several efforts underway to examine the relationship between transit and land use. It is important to view transit as a tool in planning the efficient expenditure of an urban area's resources. This is especially true since ISTEA has all but eliminated the Federal constraints between transportation funding sources in urban areas.

The example with which I am most familiar is an effort in transportation and land use planning in Portland, Oregon. I was the deputy director of transportation for the city before taking this position with STPP. Oregon now has an ambitious experiment underway. The question before them is: Can they change the underlying assumptions that led officials to develop a highway proposal, the western bypass, and instead reassemble the land use patterns to accommodate a transit alternative? This seems abstract, but the Federal Highway Administration, Environmental Protection Agency, and the Oregon Department of Transportation considered the approach sufficiently pragmatic to become partners with the Environmental Organization 1000 Friends of Oregon and funded them to conduct the study. The study results are quite amazing.

The work has shown that by redirecting higher density land uses from the outer edges of the urban area to those areas in the light rail corridor, enough trips will be accommodated by transit to eliminate the need for a major bypass. This was accomplished without increasing the overall densities of the area. It merely redirected the higher density growth to the light rail station areas. The Oregon Department of Transportation has adopted the results of the study as one of four bonafide alternatives to meeting the transportation needs of the western Portland metropolitan region.

The state has yet to select among the four alternatives, but the land use option is considered a viable one and it is a step toward acknowledging both the role of transit and the interrelated nature of land use planning, growth management and urban design in transportation investments.

There are many other examples of transit's contribution to livable communities, but the other panelists will provide specifics on a wide variety of areas and more thoroughly articulate the role of transit. Thank you for the opportunity to appear before you today and for your interest in transit's essential contribution to our communities.

TESTIMONY OF EDWARD McSPEDON

PRESIDENT AND CEO, RAIL CONSTRUCTION CORPORATION

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

TUESDAY, MARCH 30, 1993

Thank you Mr. Chairman and Members of the Committee for inviting me to speak today. I am Edward McSpedon and I am the President and Chief Executive Officer for the Los Angeles County Metropolitan Transportation Authority's Rail Construction Corporation.

Transportation has and will continue to be the cornerstone of economic development for many cities in the United States. It enriches our social and economic fabric and plays a key role in developing long-term jobs and investment opportunities.

Early on this century, resources were devoted to the development of ports and harbors, airports and extensive ground transportation systems for the eastern United States, providing the smooth transport of goods and services across the country.

These magnificent efforts were sound investments in our country's ability to import and export goods to and from our European trading partners.

Increasingly, however, West Coast cities like Los Angeles have come to play expansive roles in international trade. With that role, comes the need to develop extensive transportation networks that allow improved access of goods to and swift transport from our gateway points.

Coupled with a soaring population that is expected to reach 10.8 million residents in Los Angeles County by 2010, a 21 percent increase from 1991, there is a dire need to invest in a myriad of transportation infrastructure programs that will not only benefit the local region, but the country as a whole.

Los Angeles County employs about 4 percent of the Nations total labor force. We are also facing one of the worst economic recessions since the 1930's. The official total unemployment figure of 13 percent for Los Angeles is mild compared to the percent of estimated blue collar unemployment, which is believed to be about 18 percent.

Massive defense cutbacks have, for the first time, forced specialized high skilled labor to search for alternative employment in markets requiring different skills. Combined, these factors result in Los Angeles' unemployment rate significantly higher than the rest of the Nation.

Yet, despite this gloomy economic tale, Los Angeles is beginning to develop a highly effective system of public transportation, from light rail and commuter lines, to the opening of the Metro Red Line, Los Angeles' first subway.

Increasingly, our transportation program is being called upon to do more than build mobility options for Los Angeles residents. Residents and community leaders are looking to the MTA to develop new manufacturing opportunities, provide long-term jobs and trade skills, enhance mobility for and accessibility to Southern California businesses, develop opportunity for our minority and women owned businesses, and help to interconnect our communities, bringing together the colorful multi-cultural and ethnic fabric that has earned Los Angeles the name "The Great Melting Pot."

There are specific investments which can be made that are critical to the economic health of our region, creating a significant number of jobs in the process. I would like to go through several of them with you.

The economy of Los Angeles and the western United States is tied to a competitive Port system. Expanding Port infrastructure to handle increased cargo that pass through the Ports of Los Angeles and Long Beach will support existing jobs and create new ones.

Currently, over 99 million metric tons of cargo pass through these ports each year. The proposed expansion would create 700,000 jobs supporting the movement of 148 million metric tons of goods by the year 2010.

The increase in goods will also have a significant impact on an already impacted land-side transportation network. Port related truck movements are projected to increase from 20,000 per day in 1991 to over 33,000 by 2010, a 65 percent increase, while rail movements will increase from 29 trains per day to 73, an increase of about one and one half times. Much work is necessary to support the proposed Ports expansion, a necessary project to continue to make the United States competitive as a key global trading partner.

Investment in public transportation helped to drive the economic engine of Los Angeles during the past year. Faced with civil unrest, high unemployment and a dim economic forecast, transportation was without a doubt a bright spot in an otherwise difficult year.

Last year, the MTA approved a transportation blueprint for Los Angeles' future, a $183 billion dollar 30-Year Integrated Transportation Plan, a five-pronged multimodal strategy to rebuild an infrastructure that for too long depended upon the automobile as its primary source of travel.

Investing an average of $3.5 billion in the local economy each year, the program is 74 percent locally funded. More than any other region in the country, Los Angeles County residents have demonstrated their willingness to tax themselves to support necessary transportation improvements.

This local effort augments the investment by the Federal Government to deliver transportation programs for Los Angeles. The Federal Government's role is critical to the timely success of our mobility strategy.

The MTA has taken steps to ensure that these investments stimulate the Los Angeles economy and, to the extent possible, the country as a whole. The five-pronged strategy includes:

- a 53 percent of our current bus fleet, retor-fitting the entire fleet to be clean-fueled by the year 2004;
- construction of more than 400 miles of light, heavy, and commuter rail;
- expansion of the Alameda Corridor to support increased movements of goods entering the Ports of Los Angeles and Long Beach;
- putting in place a more efficient highway system by constructing HOV lanes for carpools and buses, incident management programs like the successful Metro Freeway Service Patrol and expanded call-boxes, and completion of freeway gap closures; and
- Transportation Demand Management strategies to provide mobility options for daily commuters.

This investment will produce nearly 2 million jobs over the course of the next thirty years for Los Angeles County and almost 4 million jobs nationally. I have provided a chart which identifies the employment of our 30-Year Plan.

Capital intensive projects like the Metro Red Line and the projects identified in the 30-Year Plan directly stimulate transit construction industries and other sup-

port industries such as manufacturing of buses, durable goods like electronics, steel and other raw construction materials. It also provides much-needed jobs.

Take for example the Metro Red Line subway. The Federal Government's investment is 50 percent of the total project cost. Your investment in just the 4.4 miles has generated more than 41,000 jobs for Los Angeles County and other cities across the country. When we complete the entire 23 mile project, the Red Line will generate more than 127,000 jobs at a time when we are struggling to regain our economic momentum.

But, at the same time, there is also a need to look toward developing a National Transportation Technology Policy that, to the extent possible, addresses both the massive defense cutbacks that have occurred and the plight that existing domestic surface transportation suppliers have faced.

This Technology Policy must promote a greater emphasis in the research and development of technologies that will not only benefit existing suppliers and traditional transportation partners, but also be expanded to include those industries that have been most severely affected by the recession. The Federal Government, through the leadership of the Clinton Administration, has the opportunity to invest in and support the restructure of American companies in order to participate in the resurgence of a domestic surface transportation industry.

Los Angeles is considered by many to be at the forefront of this effort by developing a program that has teamed four railcar manufacturers with six high-tech aerospace/defense firms—Rockwell, Hughes, TRW, Northrop, AAI and Lockheed. Those teams have submitted a proposal to build an 87-car light rail order.

In addition to being awarded the contract to build the 87 cars, the winning team will be awarded up to $10 million to develop at least three advanced transit products. Called the Advanced Transit Products Development Program, or ATPDP, this R&D effort has captured the attention of the high-tech community. We're seeing some real synergy between the high-tech and railcar partners.

We are looking to capitalize on ones of our Nation's strengths—development of advanced technologies—and transfer the wealth of knowledge and decades of investment in aerospace and defense companies to surface transportation.

Some of the proposed technologies, which have been developed for the defense industry, have surface transportation applications and could include a new lightweight composite material that can be used for rail or bus shells, or advanced braking or propulsion systems.

There is no doubt, however, that these conversion programs will only be moderately successful unless bolstered by the Federal Government. Supporting the conversion of impacted industries into surface transportation is necessary and critical to strengthen a dwindling jobs base in both the high-tech fields and among existing transportation component suppliers.

Preparing to make L.A.'s labor force more competitive and responsive to the economic demands faced this past year, the MTA last year adopted a training program similar to that proposed by the Clinton Administration. It calls for 3 percent of the direct labor costs of all construction contracts be dedicated to training.

At least half of that will be allocated to a plan designed to increase employment opportunities for young workers between the ages of 17 and 35.

The intent is to encourage a commitment to job development and training from contractors and bidders seeking to do business with the MTA. This program was developed by a broad coalition of representatives from labor, education and business.

In Los Angeles the potential is extraordinary. In the local construction industry alone, jobs borne out of this training program, if the 3 percent requirement is applied, could amount to between 7,000 and 10,000 each year.

Los Angeles is at the forefront of new and innovative programs to develop effective transportation solutions to combat congestion and improve our region's air quality, in addition to looking for opportunities to assist with conversion of aerospace and defense companies into the surface transportation industry.

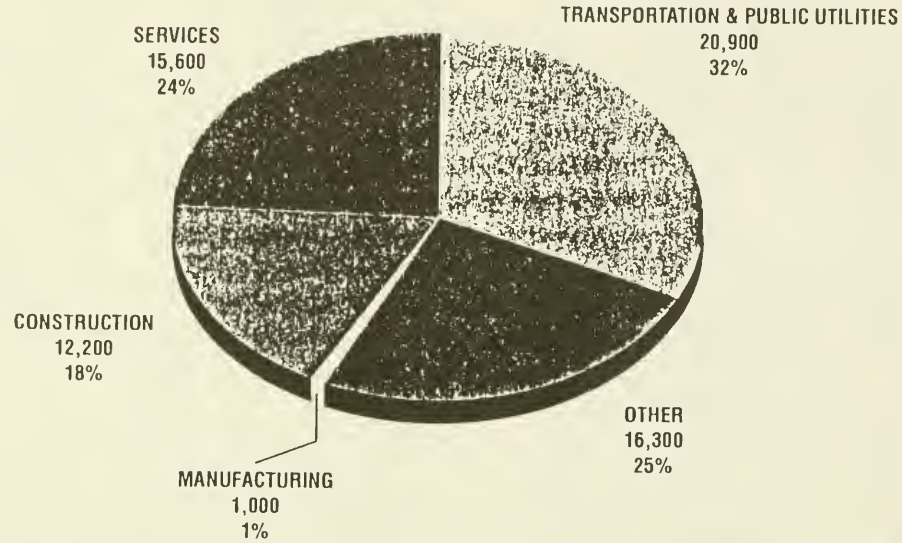
Yet these opportunities cannot be successful without the support of the Federal Government. Your investment in the Metro Red Line is but one example of effective transportation solutions that can be developed in partnership.

Your continued commitment in surface transportation is important nationally, but probably nowhere more important than Southern California. Comprehensive surface transportation industry promotion can help guarantee that as we rebuild our national transportation system, American workers and companies, new and old, will benefit to the maximum extent possible.

Transportation will continue to be one of the cornerstones of economic development and, as we move into the 21st Century, will connect our cities, indeed the country, with a well-planned investment for America's future.

AVERAGE ANNUAL LOCAL EMPLOYMENT
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
30 YEAR INTEGRATED TRANSPORTATION PLAN

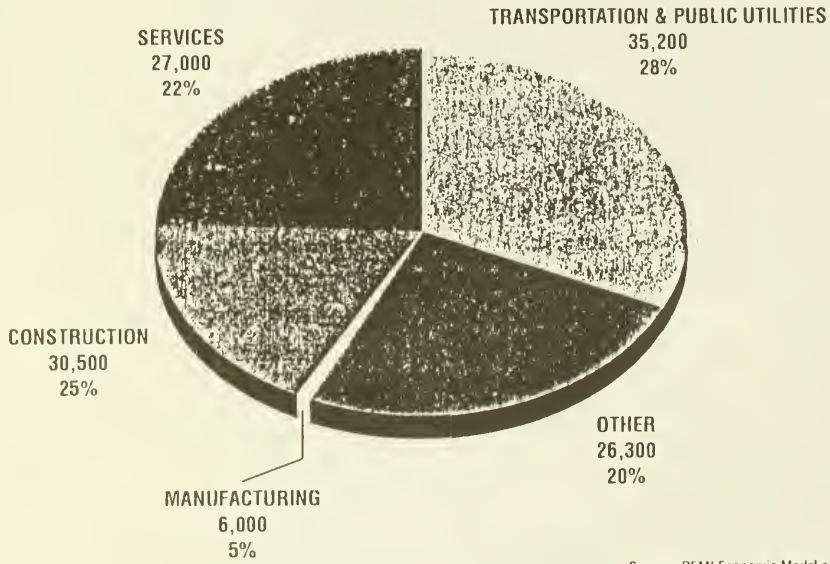
66,000 JOBS



Source: REMI Economic Model of Los Angeles County

AVERAGE ANNUAL NATIONAL EMPLOYMENT
LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
30 YEAR INTEGRATED TRANSPORTATION PLAN

125,000 JOBS



Source: REMI Economic Model of Los Angeles County

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TESTIMONY OF WILLIAM S. JONES

VP & General Manager—Transportation Management Systems Division
Westinghouse Electric Corporation, Electronic Systems

Transit Needs & Benefits

Mr. Chairman, distinguished members of the subcommittee, thank you for giving me the opportunity to appear before you today. I am William S. Jones, VP & General Manager of the Transportation Management Systems Division at Westinghouse Electronic Systems in Baltimore, Maryland.

Mr. Chairman, two weeks ago you were at Westinghouse with President Clinton viewing our progress at conversion and dual use technologies. One of the systems you saw was the application of defense technology to the transit industry.

This system allows transit operators to keep track of all their busses—measure their adherence to schedule and dynamically adapt the allocation of those resources to the needs of the riding public. It is Computer Aided Dispatch and Automatic Vehicle Location (CAD/AVL).

Automatic Vehicle Location (AVL) utilizes the Global Positioning Satellite (GPS), developed and deployed by the Defense Department and used so successfully in Desert Storm, to determine the exact location of a bus in real time. This information along with deviations from the schedule of a bus are transmitted back to a transit control center. There dispatchers can view on a map of the city the location of all the vehicles in a transit system. The CAD function keeps track of where the busses are versus where they are supposed to be and alerts dispatchers to schedule problems. Further, the drivers can covertly alert dispatchers of a problem on the bus allowing the dispatcher to direct police or other emergency services to the exact location of the bus—enhancing both driver and passenger safety.

This CAD function is derived directly from computer software developed for Air Defense and Air Traffic Control systems where we track aircraft instead of busses. Further, the skills to integrate sensors like GPS, with complex software and sophisticated data and voice communication are the same skills required for most of the electronic systems we have built for the military over the past 55 years.

We at Westinghouse decided to develop this system because we could see a real value to the operators of transit systems, and therefore, a large potential market for such a product, and our technology base matched the need.

Our system has been operating in Baltimore for over two years as a pilot project to prove its effectiveness. The MTA has measured the improvement in schedule adherence to be between 23 percent and 30 percent by using our CAD/AVL system. We are now installing systems in Denver and Milwaukee. The first bus went into operational service in Denver just two weeks ago and we will have over 800 busses in Denver and 600 in Milwaukee operational this year. Further, there are 20 other cities that are either in the procurement phase or plan to procure systems over the next 2 years—largely because of the demonstrated success in Baltimore.

There are two underlying reasons for transit operators to utilize this technology. First is improving the efficiency of operating the transit service for their customers and the taxpayers. The second is to provide better service to increase ridership on transit systems.

It is generally agreed that it is desirable to increase ridership on transit systems for all the reasons mentioned already—environmental, highway congestion, fuel consumption, etc. However, to increase ridership, transit systems must:

1. be reliable
2. be perceived as safe
3. be more user friendly
4. be more convenient to the public.

This technology allows transit operators to dynamically manage their fleets to improve schedule performance, as mentioned earlier, which translates to more reliable service to the public. However, it is essential to be able to communicate this improved performance to the public if ridership is to increase.

To this end, we have built an Information Kiosk for Baltimore at Camden Yards—a major intersection of the light rail, bus, and subway system and, of course, the location of the new Oriole Park. This kiosk permits citizens to get information on points of interest, restaurants, or schedules of public transportation by touching a TV screen. The schedule data is updated to tell the potential passenger when the bus will really be there, not just when it is scheduled. In addition, it will display how to get to various points of interest via public transportation.

Safety has improved significantly by knowing exactly where every vehicle in the system is at all times. Baltimore's experience is that the drivers feel safer knowing

that the dispatcher knows where he is and can have help to his bus in a minute. This has already borne fruit in Baltimore.

These are good reasons in themselves to utilize this technology. However, our ultimate objective is to make it easier for the public to use mass transit systems. That is why three cities, Denver, New York, and Minneapolis, are working with Westinghouse in a public-private partnership, on operational test programs to develop ways to allow the riding public to take advantage of this new level of information. These programs are through the Denver Regional Transit District; the New York City Transit Authority; and the Minnesota Department of Transportation.

In these operational test programs, funded under ISTEA, we will be installing CAD/AVL equipment in a limited member of busses and using the information from the system to better inform riders. Several approaches are being tested, from signs at bus stops that are automatically updated to tell people "Bus #22 will be here in 45 seconds," to telephone information centers that have this same data and automatic itinerary planning for customers. We are examining using cable television, information kiosks, and the technologies to make mass transit easy to use—or user friendly. If you've ever looked at a Mass Transit schedule, you can appreciate this issue.

To have a major impact on getting people to use transit instead of cars, the transit systems must be more convenient. Therefore, in the future, mass transit must be dynamically responsive to customers. That is the busses must go where the customers are—not have the customers come to the bus stop as is now done on scheduled routes. This is already being done in limited ways for disabled citizens. To respond to customer's needs, it is essential to be able to match up vehicles with customers. To do this, you must know where the busses and the customers are. This is exactly what CAD/AVL provided to the dispatcher if the location of the customers are entered into the system. The dispatcher's job will be to direct the bus drivers to the customer—or respond to customer demands.

This is technically possible today—we already have expert systems to automatically do this matching process for trucking companies, e.g., match the loads that need to be hauled with the trucks available to carry the load in an optimum fashion.

The solutions to improving the performance and increasing ridership for our mass transit systems are not driven by technology. The technology exists and is cost effective now. The solutions are driven by investment in transit infrastructure. Therefore, we in industry support the President's Defense Reinvestment and Conversion Initiative to invest in transportation infrastructure and also urge the Congress to fully fund the ISTEA legislation.

Mr. Chairman that concludes my statement and I would be happy to answer any of your questions.

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